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Explosion Traps Miners

16 Die, 40 Feared Caught in Shafts In West Germany

BORKEN, West Germany — An explosion in a coal mine Wednesday killed 16 miners, left at least 40 trapped underground and critically injured eight on the surface, officials said.

Estimates varied on the number of men trapped 300 feet (90 meters) underground near Borken, 70 miles (113 kilometers) northeast of Frankfurt.

Gottfried Milde, the Hesse state interior minister, said as many as 56 workers had been trapped, and he added: "There is little hope that other miners can be found alive."

"Approximately one-third are foreigners, most of them Turks," he said.

Mayor Bernd Hessler of Borken said at a news conference that the bodies of 16 miners had been found and that the search was continuing for at least 40 others.

There were no reports of miners being rescued alive from the shaft.

The explosion spread a cloud of dense smoke over town. Families of the miners gathered at the mine, along with hundreds of rescue workers.

"I have no real hopes," said Klaus Hausmann, a mechanic who has worked at the mine for 20 years. "I think we'll have to bury a lot of people."

Mr. Hessler said rescuers briefly established radio contact with five trapped miners who reported they were unharmed. Then the radio link was interrupted.

But Erwin Braun, head of the Hesse state mining control, said he could not confirm that contact had been established. Mr. Braun said the cause of the explosion was not known.

Rescue crews managed to get about 300 feet underground before the shaft collapsed.

A police spokesman said rescue crews were pumping oxygen into the shaft.

Klosk

Japan Shifts Its UN Policy

UNITED NATIONS, New York (AP) — Prime Minister Noboru Takeshita said Wednesday that his nation would contribute civilian personnel to UN peacekeeping activities. Japanese officials called the announcement a "very new and important development."

Referring to Afghanistan, Mr. Takeshita said, "I intend to consider dispatching personnel in fields which are appropriate to Japan, such as the supervision of elections, transportation, communication and medical services." A Japanese civilian diplomat already is scheduled to be part of the UN observer group overseeing the Soviet troop withdrawal from Afghanistan.

General News

The U.S. plan to eradicate areas of cocaine-producing coca plants in South America has run into a roadblock. Page 3.

In France's parliamentary campaign, *L'ouvriere* has become the key theme. Page 7.

Science

Giant pandas, borrowed from China by U.S. zoos, are the center of a dispute. Page 8.

Business/Finance

U.S. companies are to build two petrochemical complexes in Siberia for more than \$20 billion. Page 9.

Dow Close

The Dollar in New York

DM	1.7303
Pound	1.8113
Yen	125.375
FF	5.8425



Ronald Reagan and Mikhail S. Gorbachev after enacting the INF Treaty on Wednesday.

In 'Historic' Moment, Reagan And Gorbachev Enact Treaty

MOSCOW — Mikhail S. Gorbachev and Ronald Reagan ushered in Wednesday an "era of nuclear disarmament" by putting into effect a historic arms treaty, but the Soviet leader said that they had missed many opportunities at their Moscow summit meeting.

In a symbolic conclusion to their talks, which began Sunday, the leaders exchanged documents ratifying the Intermediate-Range Nuclear Forces Treaty, eliminating an entire class of weapons. They signed it in Washington in December.

The treaty is the first in history to abolish an entire category of nuclear weapons. It was ratified Friday by the U.S. Senate, and 17 hours later by the Presidium of the Supreme Soviet, the nominal Soviet parliament. It bans nuclear missiles with ranges of 300 (480 kilometers) to 3,400 miles.

"The era of nuclear disarmament has begun," said the Soviet leader as he and the U.S. president exchanged red leather folders containing the treaty text.

President Reagan told Mr. Gorbachev: "Mr. General Secretary, these are historic moments."

"The first lines have already been written into a book of the world without nuclear weapons," Mr. Gorbachev said upon exchanging the treaty documents. "I don't think anyone can close the book on that and put it aside."

Reagan had disavowed his description of the Soviet Union as an "evil empire." "With satisfaction, he said: "Somebody asked the president whether he still considered the Soviet Union to be an 'evil empire.' He said no, and he said that within the walls of the Kremlin, next to the czar's gun, right in the heart of that evil empire. We take note of that. As the ancient Greeks say, 'Everything flows, everything changes.' Everything is in a state of flux."

In a joint statement issued at the end of the negotiations at their fourth summit meeting, they said they had made considerable progress towards achieving a START treaty to cut by half their huge arsenals of strategic nuclear missiles.

"During the course of this meeting in Moscow, the exchanges on START resulted in the achievement of substantial additional common ground," the statement said.

The two leaders had hoped to complete the more important treaty to reduce U.S. and Soviet arsenals of long-range bombers, land-based missiles, and nuclear submarines by 30 to 50 percent.

But disputes over verifying the pact and also the U.S. project for a space shield against missiles disrupted the plans.

Instead, the leaders separated out a single provision for advance notification of missile launch tests. It was signed Tuesday.

They instructed their senior negotiators to make as much progress as they could on the obstacles to a Strategic Arms Reduction Treaty and left open the possibility of a fifth summit meeting to sign it before Mr. Reagan finished his second term in January.

Progress on the proposed START treaty came on a U.S. proposal for verifying limits on mobile

Secretary, these are historic moments.

The treaty was ratified by the U.S. Senate on Friday and then by the Supreme Soviet, the nominal parliament, 17 hours later.

During his news conference at the Foreign Ministry press center, Mr. Gorbachev chastised Mr. Reagan for his attitude toward Soviet human rights policies. He said that the president's visit had included "propaganda gambits and all sorts of spectacles and shows."

"I'm not filled with admiration for this part of the visit," Mr. Gorbachev said.

By Philip Taubman
New York Times Staff Writer

MOSCOW — Mikhail S. Gorbachev said Wednesday that his fourth and probably final summit meeting with President Ronald Reagan was filled with "missed opportunities" and impeded by contradictions in U.S. policy.

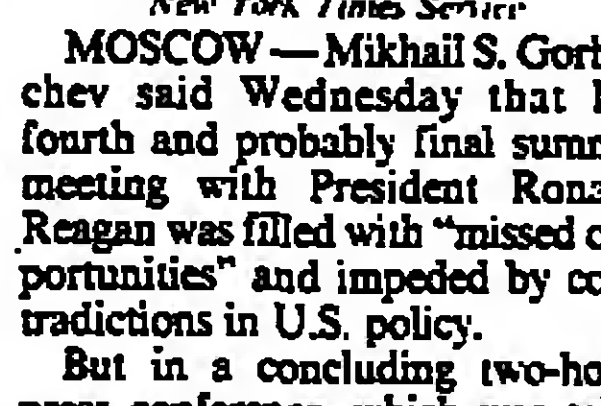
But in a concluding two-hour press conference, which was televised throughout the Soviet Union, he balanced his criticism of Mr. Reagan by calling the visit a "major event" that had moved relations "maybe one rung or two up the ladder."

In a joint statement that recorded modest progress on a number of issues, the two sides expressed hope that the dialogue established by Mr. Reagan and Mr. Gorbachev in their four summit meetings would endure into the next century, despite "real differences of history, tradition and ideology."

In a ceremonial conclusion to the summit, the two leaders exchanged documents ratifying the Intermediate-Range Nuclear Forces Treaty, eliminating an entire class of weapons. The signed treaty in Washington in December.

"The era of nuclear disarmament has begun," the Soviet leader said as he and Mr. Reagan exchanged red leather folders containing the treaty text.

Mr. Reagan said: "Mr. General



The first ladies are smiling, but the strain of rivalry shows.

On Page 2

The first ladies are smiling, but the strain of rivalry shows.

Mikhail S. Gorbachev rules out dismissal of Yegor K. Ligachev, his No. 2.

Germany: Dim Views of Hardy Economy

By Ferdinand Protzman
International Herald Tribune

FRANKFURT — If the West Germans themselves are to be believed, the future is all dark clouds and no silver lining: Europe's dominant economy is about to be overtaken by Britain or France.

Such a negative outlook, however, comes from a recurring national phenomenon that one economist calls the German gloom cycle.

"Even the domestic and foreign economists who are predicting stagnation in the near future and a possible loss of European economic dominance in the years beyond concede that the prevailing pessimism is overstated, and fueled as much by psychological factors as by facts."

The facts would seem a solid basis for optimism. West Germany has enjoyed years of steady growth in gross national product, massive trade and current account surpluses, strong corporate profits, a powerful currency and next-to-no inflation.

[In announcing strong growth in the first quarter, the Economics Ministry said Wednesday that the economy could expand by more than 2 percent in 1988, Reuters reported from Bonn. The ministry said that gross national product rose by an inflation-adjusted 1.5 percent in the first quarter from the fourth quarter of 1987, and was 4.2 percent higher than a year earlier. (Page 9)]

"Although our predictions from past gloom cycles have proven false, and the economy keeps chugging along with remarkable consistency, the current climate has spawned numerous articles in the foreign and domestic press suggesting once again that the *Wirtschaftswunder* that followed World War II is fading."

"Is West Germany Finished as an Economic Power?" questioned a recent headline in *Neue Zürcher Zeitung*, the respected Swiss newspaper. The Sunday Times of London was more sanguine: Its headline for an article comparing the

vibrant British economy to the plodding West German version was "Who's Got British Disease?" The answer they arrived at, based largely on a report by one investment bank, was the Germans.

"It's ridiculous to suggest that Germany is finished as an industrial power," said J. Paul Horne, an international economist with Smith Barney in Paris. "Frankly, I'm a bit disgusted with such articles. German gloom is cyclical, and this is about the third bout of it I've experienced. It stems largely from the Germans themselves."

At times, the capacity for gloom even amazes the Germans. "There is no grave crisis ahead," said Michael Zapf, managing director of the Matuschka Group, one of the largest asset-management companies in Europe. "But being a German, I'm of course crying in the same soap as everyone else."

Tyil Necker, the president of the Association of West German Industry, ticked off some of the prob-

lems confronting the economy in a recent speech.

"It is not a self-fulfilling prophecy, but unfortunately fact, that West German investment in capital goods has been for many years below average in international comparison," Mr. Necker said. "The development of direct foreign investment in West Germany is showing weakness and real gross national product is growing considerably faster in the United States, Great Britain and Japan than it is here."

West Germany, according to Mr. Necker, "cannot afford the pleasure of the world's highest labor costs, the shortest annual work time, the highest corporate taxes and prohibitive energy and environmental costs." However, he praised West Germany's success in exporting, its infrastructure and its highly skilled workforce.

While endorsing in theory the economic stance of Chancellor

Reagan Sings Praises of Soviet Women

By Michael Dobbs and William Drozdiak
Washington Post Service

MOSCOW — One of President Ronald Reagan's most notable, if curious, refrains during his Moscow visit has been his praises of Soviet women. He told a Soviet interviewer before the summit meeting that Russian women "seem to be a great bulwark of strength and solidity in maintaining the home and the things that they stand for — the standing in lines to bring home what is necessary for the family, and all of that. And I just wonder if they're getting the credit within your country that I think they deserve."

Once in Moscow, Mr. Reagan made sure that they did. During a stroll through Red Square with Mikhail S. Gorbachev on Tuesday morning, Mr. Reagan again expressed his admiration for Russian women who are "so courageous

and have contributed so much to the whole society."

His remarks were prominently displayed the next day on the front page of Pravda. And before walking away from the podium after his post-summit press conference, Mr. Reagan said: "I'm going to do one answer because I've wanted to say this, and I say it any time I get a chance. I think that one of the most wonderful forces for stability and good that I have seen in the Soviet Union are the Russian women."

The "Ron and Mike" show is apparently playing well in the provinces. According to Gennadi I. Gerasimov, a Foreign Ministry spokesman, the Kremlin has been receiving dozens of telegrams from proud mothers and fathers announcing that they have named their newborn offspring "Ronald

or 'Mikhail' in honor of the super-power leaders.

One linguistically enterprising couple named their newborn girl "Reagan," a slight adaptation of the Russian name "Regija."

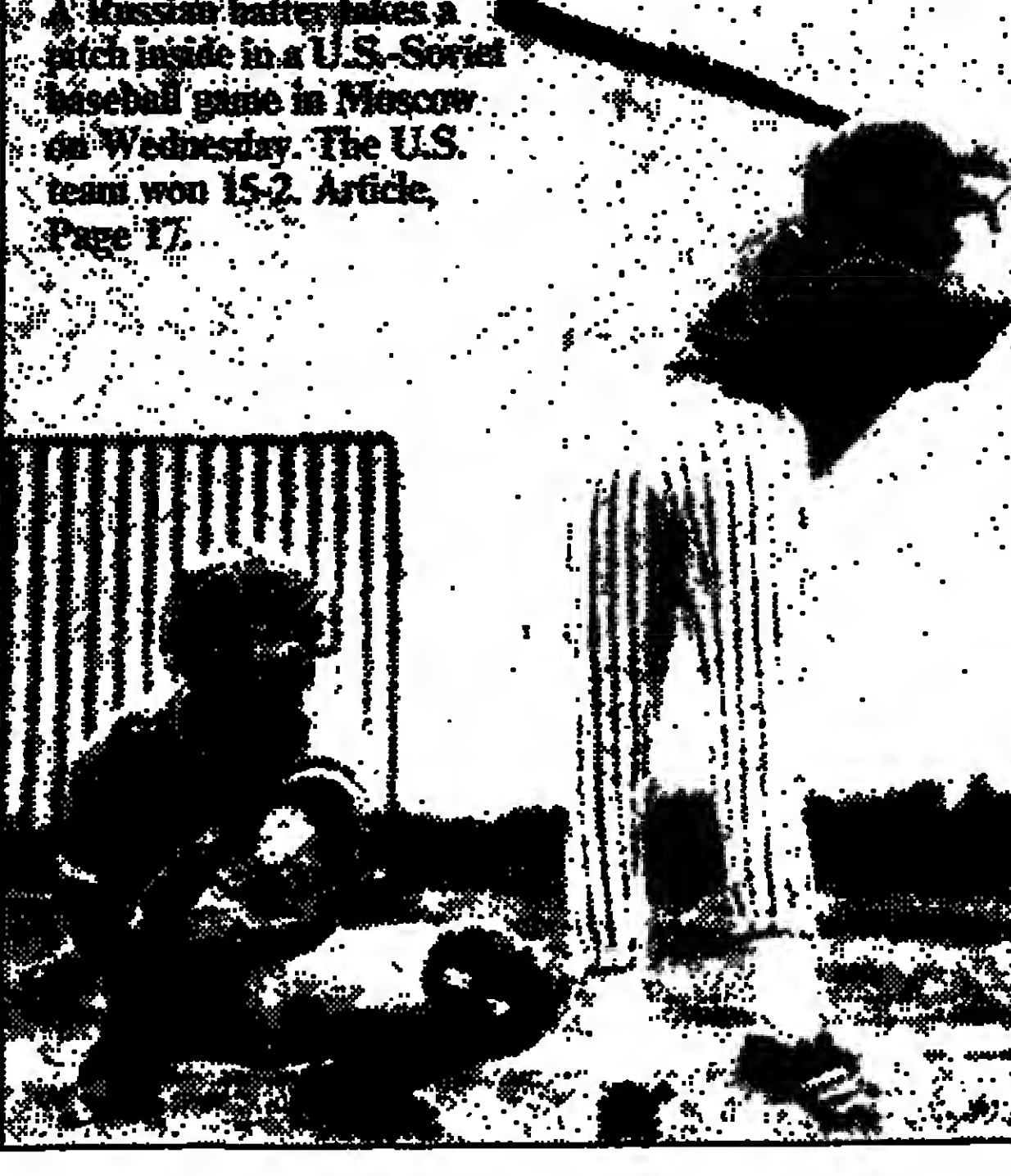
During the Washington summit meeting, the Soviet news agency Tass carried a small item saying that one family had decided to name their newborn twins after the two leaders. There has been no official report on how the twins, now six months old, are making out — but a joke around Moscow claims that "Mikhail" is highly energetic and talkative while "Ronald" likes to sleep a lot.

Remember pingpong diplomacy? In the early seventies, the Chinese leadership signaled a sharp change of political course by inviting U.S. table tennis players to Beijing. The Moscow summit meeting of 1985 has given birth to golf ball diplomacy.

At the International Press Center Wednesday afternoon, briefings on such weighty international issues as arms control and regional conflicts were interrupted for what Soviet officials described as a "very important announcement." The first championship golf course in the Soviet Union is to be built 30 kilometers (18 miles) from Moscow.

Golf, the Soviet officials felt compelled to explain, is "a game invented in Scotland that has not gained great popularity in the Soviet Union."

The project represents the culmination of a 15-year dream of Armand Hammer, the chairman of Occidental Petroleum Corp., who has befriended every Soviet leader since Vladimir I. Lenin. He issued a statement predicting that inauguration of the 18-hole, par 72 golf course would mark "another step



A Russian hostess plays a match inside in a U.S.-Soviet baseball game in Moscow on Wednesday. The U.S. team won 15-2. Article, Page 17.

Who Was Jack the Ripper? The Theorists Are Knifing Each Other

By Howell Raines
New York Times Service

LONDON — This is the centennial year of the Jack the Ripper murders. It seems a fair time to ask how the investigation is looking.

The short answer: Not much clearer than it did 100 years ago. That was when Queen Victoria sent a grumpy suggestion to Scotland Yard on the handling of the case: "Our detectives must be improved. They are not what they should be."

Like Victoria, we still do not know the identity of the psychopathic slasher who, between August 31 and November 9, 1888, killed five of the estimated 1,200 prostitutes then living in the Whitechapel slums of east London.

But the Jack the Ripper industry is in great shape. So far this year, five new books have appeared, assessing the claims of suspects ranging from a mad Russian to the queen's physician to one of Oscar Wilde's former boy friends.

And at the moment, the entire Ripper industry is in an uproar over a new television miniseries being filmed in England for broadcast on Thames Television in Britain



and CBS in the United States. According to the Thames Television publicity kit, the four-hour film will be able to identify Jack because century-old evidence from "secret Home Office and Metropolitan Police files" has fallen into the hands of the film's producer and director, David Wickes.

Orthodox Ripperologists use terms like "absolute rubbish" and "sheer baloney" to dismiss Mr. Wickes' claim that he has unearthed new documentary evidence that solves the case. Mr. Wickes responds that they are jealous because his film will expose most of their theories about Jack as "pure fantasy."

That language gives a fair idea of the level of discourse in the jealous little world of Ripperology, just as the dispute between Mr. Wickes and his leading critics gives an overview of what is known — or

rather, how little is known — about the world's most enduring whodunit.

The combatants include include Daniel Farson, who unblushingly describes himself as "the leading authority on Jack the Ripper," Melvin Harris, the discoverer of this year's most colorful new suspect, and Donald Rumbelow, a scholarly detective

generally regarded as the most authoritative referee of the competing claims.

Mr. Farson's fame rests on his discovery in 1959 of notes in which a Scotland Yard official identified a drunken harrist named Montague J. Druitt as a main suspect. The murders ended after Mr. Druitt drowned himself in the Thames in December 1888, and Mr. Farson was able to show that the police, without naming Mr. Druitt, had spread the word that the murderer died in the river.

"People can say whatever they like, but they cannot deny that this is the man that the police thought did it and also that Druitt had drowned in the Thames," he said.

Indeed, Mr. Druitt remains a betting favorite with many students of the case. But Melvin Harris stumbled on an oddball new suspect, Roslyn D'Onston, while researching a book on psychic haunts. A failed physician, a dabbler in black magic, an alcoholic and drug addict, Mr. D'Onston turned — quite naturally, some would say — to Fleet Street to make a living.

Thus began, Mr. Harris says in his book, "Jack the Ripper, the Bloody Truth," the "incredible string of hoaxes" that have disgraced the killer's trail. "In almost every case they were created by journalists," Mr. Harris added with the tone of a man who has, at the least, placed Jack in the right professional category.

Mr. Harris contends that Mr. D'Onston's newspaper articles on the murders were intended to disguise the fact that he was the Ripper, but his detailed knowledge

Some useful progress was made during the four days of meetings here on some nettlesome issues, such as mobile missiles. But there was no narrowing of differences over the Strategic Defense Initiative or sea-launched cruise missiles to put the talks on a fast track.

This means that unless there are

NEWS ANALYSIS

major shifts of arms control policy in Washington and Moscow, the task of completing a strategic arms treaty will be left for the next administration.

By the time of the summit, the two sides had already worked out the main outlines of a strategic arms treaty, including the combined ceiling that would be set on warheads and cruise missiles, limits that would be set on warheads on ballistic missiles and some general ideas for how to go about verifying a treaty.

But filling in the blanks requires lots of negotiating on highly technical issues, as well as a breakthrough over SDI testing.

At the summit meeting, most of the progress was on the issue of mobile land-based ballistic missiles. Sunday night, the American side gave a paper to the Soviet side on monitoring limits on these weapons.

The American plan would confine track and rail-borne missiles to designated deployment areas. In keeping with the preferences of the Joint Chiefs of Staff, the missiles would be able to move outside of these deployment areas for military exercises, maintenance and training.

But if they did so, prior notice

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and Easily in the TRIBUNE

AUSTRALIA

NEW ZEALAND

THE MOSCOW SUMMIT: Gorbachev addresses reports of his division with Ligachev.

Summing Up, Reagan Says People Contacts Were 'Deeply Moving'

By Steven V. Roberts
New York Times Service
MOSCOW — President Ronald Reagan said Wednesday that his summit meeting with Mikhail S. Gorbachev had accomplished "a good deal of important work," and that he had found his contacts with the Soviet people during his four days here "deeply moving."

But, despite repeated questioning by reporters at his farewell news conference here at Spaso House, Mr. Reagan offered few reflections beyond that or reflections about his first visit to the Soviet Union.

He repeated his frequent observation that "a great deal" of the credit for the changes now taking place in the Soviet Union goes to Mr. Gorbachev.

And he expressed a certain sense of surprise that the Soviet leaders have, in recent years, been "willing to enter negotiations with us" on a range of issues, from arms control to regional conflicts.

At the end of the news conference, when a reporter shouted a question at him, asking what he had learned here, the president replied: "I'm going to do one answer because I've wanted to say this, and I say it anytime I get a chance. I think that one of the most wonderful forces for stability and good that I have seen in the Soviet Union are the Russian women."

However, the president seemed to indicate that after this summit meeting, he is now less confident that a treaty reducing strategic arms can be completed before he leaves office in January.

After the Washington summit meeting in December, White House officials were hoping to complete such a treaty by now, and to have it signed in Moscow.

The president answered a question from a Soviet reporter by saying that if the negotiations on a strategic treaty were still going on next year, "I will do everything I can to persuade my successor to follow up and to continue."

Howard H. Baker Jr., the White House chief of staff, displayed a similar waning of confidence when he told ABC News in an interview: "The odds on finishing a treaty in this term are probably no better than 50-50."

Mr. Baker indicated some surprise that Mr. Reagan seemed rather untouched by the drama of his journey here. The chief of staff said he thought about the president's reactions when Mr. Reagan gave a speech Tuesday at Moscow State University, standing under a large bust of Vladimir Lenin.

"I think he thinks of being in Moscow as a serious responsibility to try to arrive at a peaceful solution to many problems that beset our two nations," Mr. Baker said.

"And I don't think the place, the locale, has much to do with it. I think the drama that you and I perceive—I don't see that that has a particular effect on it."

Mr. Gorbachev's decision to confront the issues of Mr. Yeltsin and Mr. Ligachev at the press conference came just one week after the Soviet press eliminated direct mention of Mr. Ligachev's name in a question posed to Mr. Gorbachev in an interview with The Washington Post and Newsweek.

An added twist to this saga of personalities and politics came Tuesday in an interview with ABC News in which Mr. Yeltsin denied that he had ever said that Mr. Ligachev should resign.

"There was absolutely no talk of resignation whatsoever," Mr. Yeltsin said to ABC, referring to the BBC interview on Monday. He also denied remarks he had made to the

United States has proposed that each bomber should only be counted as carrying 10 cruise missiles even if they carried more. This would give the United States more leeway in deploying a large force of such weapons.

American officials say that such a procedure is justified because it asserts that cruise missiles are relatively slow and thus less threatening than fast-flying ballistic missiles.

The Soviets, in contrast, say that each bomber should be counted as having as many cruise missiles as they are capable of carrying. The Soviet Union is behind the United States in the technology of cruise missiles and has less ambitious plans for deploying such weapons.



Raisa Gorbachev and Nancy Reagan react alike during a visit to a Moscow museum's icon collection.

The First Ladies Smile, but Strain Shows

MOSCOW — The rivalry between Nancy Reagan and Raisa Gorbachev flared up in public anew Wednesday, with the American visitor acknowledging to reporters that they were in a "Mexican standoff" — a deadlock.

Although the two women maintained an appearance of cordiality and smiles during a brief tour of a museum's icon storage vault, the encounter appeared to show a faltering in their attempts to ease the tensions that have been observed between them.

"I want to say something, I want to say something now, OK?" Mrs. Reagan cut in at one point as Mrs. Gorbachev attempted to stop reporters from questioning her guest.

Mrs. Gorbachev backed away, but pointedly looked at her watch as Mrs. Reagan chatted a bit with reporters who cover the White House.

The incident recalled a similar one during the December summit meeting in Washington, when Mrs. Gorbachev lectured frequently on U.S. history, art and political life — leaving Mrs. Reagan attempting to get in a few words.

Elaine Crispin, Mrs. Reagan's press secretary, said after the event, "They are from two totally different worlds."

Noting that Mrs. Reagan has spoken out more in Moscow than she did at the Washington summit meeting, Mrs. Crispin said she believed the two women now had "more balance" and equality in their relationship.

Instead of meeting Mrs. Reagan as planned by the door of the vault, Mrs. Gorbachev had entered first and informed the waiting journalists that they could have "a dialogue" about the art. "The guests are late," she noted.

After Mrs. Reagan arrived and the two women shook hands, Mrs. Gorbachev presented her with a bouquet of roses and a large coffee-table-style book of pictures from the gallery.

She also presented reporters with a copy of the same book, proposing that they give it to "whoever has covered the summit best."

Mrs. Reagan raised her eyebrows in a look of mild consternation. She then stepped forward, and insisted that she be given equal time to talk with the journalists.

Mrs. Reagan said she was pleased with her visit to the Soviet Union and said that she hoped to return soon so that she might be able to view the artistic and architectural treasures of the nation once again.

Asked about her relationship with Mrs. Gorbachev, Mrs. Reagan laughed at the maneuvering that had just occurred, shrugged, and declared, "a Mexican standoff."

Mrs. Reagan had requested a viewing of the famed icons of the Tretyakov Gallery. The museum is closed for renovation but she was allowed to view a collection of the art in a temperature-controlled storage vault.

When reporters tried to question the two women, Mrs. Gorbachev intervened: "We have decided there would not be any interviews. Please allow us to show Mrs. Reagan the remaining art."

She retreated to the background, however, when journalists continued pressing for time with Mrs. Reagan.

Told that Mrs. Gorbachev had spoken at length about the icon collection, but had not mentioned the religious heritage of such works, Mrs. Reagan responded: "I don't know how you can neglect the religious implications. I mean they are there, when you see them."

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SUMMIT BRIEFS

For Voice of America, a Tone Shift

MOSCOW (Reuters) — A Soviet satirist, Grigori Gorin, says his country's press and broadcast outlets could take a lesson in summit coverage from the U.S. government's Voice of America, a radio service in Russian and other Soviet languages that is often criticized and sometimes jammed.

'Pleased to Meet You, Mr. Yakovlev'

MOSCOW (Reuters) — President Ronald Reagan was supposed to sit next to a man named Yakovlev during a gala dinner Tuesday at the American ambassador's residence, and he did. Only it was the wrong Yakovlev.

Gorbachev Solves Reporters' Plight

MOSCOW (Reuters) — An amused Mikhail S. Gorbachev paused during a news conference Wednesday to move people around in a press room to ensure that foreign reporters could get an interpretation of his remarks while he was discussing the nuclear arms treaty ratified earlier in the day.

Soviet Reformer Cites Party Threat

MOSCOW (Reuters) — A leading proponent of Mikhail S. Gorbachev's reforms warned Wednesday that the Communist Party would be swept aside by another political force if the Soviet leader's radical program was defeated.

Yugoslavs Vow Reform of Economy

BELGRADE (Reuters) — The Yugoslav Communist Party, which held a three-day conference this week on the country's economic crisis, has produced a document committing party leaders to insuring reforms by the end of the year.

Officials Soon to Be in Place for INF Pyrotechnics

WASHINGTON — U.S. military transport planes soon will be landing daily in Moscow, last week's deal was announced by the Defense Intelligence Agency carrying cameras, tape measures, scales and radiation detectors to inspect modern Soviet medium- and shorter-range nuclear missiles.

By Aug. 1, a contingent of as many as 30 Soviet inspectors also will be in the United States, scrutinizing everything the size of a missile stage leaving a plant in Magna, Utah, that produces portions of the most modern U.S. strategic nuclear arsenal.

Others, doubtless trained by Soviet military intelligence, the GRU, soon will be watching while U.S. officials ignite fuel in dozens of strapped-down Pershing-2 medium-range missiles at sites in Colorado and Texas.

Such inspections, unthinkable a few years ago, become inescapable when President Ronald Reagan and the Soviet leader, Mikhail S. Gorbachev, exchanged brief documents in Moscow on Wednesday attesting to the formal ratification of the Intermediate-Range Nuclear Forces Treaty. The treaty was signed Dec. 8 in Washington.

The ceremony starts a three-year countdown to the unprecedented destruction of more than 2,400 modern nuclear missiles by the United States and the Soviet Union. Although the weapons are but a small fraction of the superpowers' arsenals, the treaty for the first time will allow intrusive on-site inspections of sensitive missile bases, training facilities and industrial plants, beginning in 30 days.

The initial inspections aim to determine the scope of the task that lies ahead by counting all the missiles, launchers and associated equipment slated for destruction through burning, crushing, slicing or "explosive detonation," as the treaty specifies.

The Soviets have already concluded that to destroy so many weapons in such a brief period, the work must proceed around the clock at five remote sites.

Meanwhile, U.S. authorities are acquiring tarpaulins and tape so they can shield weapons and their serial numbers not covered by the INF treaty that are stored at 14 U.S. military facilities to be visited by Soviet inspectors.

The Pentagon, besides giving up scores of advanced nuclear weapons that cost more than \$6 billion, probably will cancel contracts for equipment and construction valued at \$1.4 billion, according to the General Accounting Office.

Similar figures have apparently not been released by the Soviet leadership, which took some domestic criticism because the treaty calls for destruction of more than twice as many Soviet missiles, carrying nearly four times as many warheads as U.S. missiles.

The Soviet preponderance in intermediate weapons will become evident during July and August, when U.S. inspectors conduct 133 inspections of missile facilities in the Soviet Union, East Germany and Czechoslovakia, while Soviet inspectors visit the 14 facilities in the United States and 12 in Western Europe.

These inspections will give U.S. officials their first opportunity to view a Soviet SS-20 mobile missile outside its transport canister, while Soviet inspectors will be able to weigh and measure a sophisticated ground-launched cruise missile.

U.S. inspectors expect to see that the Soviets have relocated or eliminated missiles since last November, when the two sides first exchanged detailed data on missiles in the final stage of the INF negotiations.

Only when the weapons are too unstable for "static firing" will they be burned in pits, U.S. officials say. They claim the Soviet technique creates more air pollution, a charge the Soviets deny.

Each side will attempt to reclaim some of its investment in the weapons by reusing missile parts and associated equipment that are excluded from the treaty's constraints.

The document commits the leadership to move to deregulate the economy before 1989. It says the leaders will be held responsible if this is not achieved.

The leaders have enacted an austerity program linked to a new debt plan with the International Monetary Fund and Western creditors.

Delegates from local party groups, especially younger ones, directed a flurry of attacks at party leaders over inefficiency, corruption and obstruction of reform.

Economic reforms, on the agenda for the last seven years, have been stalled by hard-liners.

Prime Minister Branko Mikulic heads a commission to draft a program of reforms.

There was great pressure from delegates to call a special party congress, which would have the power to elect new leaders and a new Central Committee.

Western diplomatic analysts said the document took an ambiguous stand on the role of the party. Formally the League of Communists.

It reiterates calls for the party to stop interfering in the economy and in government and for the party to be separate from the state. It supports demands for greater democracy in the party, secret ballot for party posts and multiple candidacy, while rejecting a return to a "monolithic" party-state system.

At the same time, the document affirms "democratic centralism" — the core of Communist control — and rejects moves toward a more pluralistic political system.

The Communist Party president, Bosko Krunic, acknowledging delegates' criticism, said in closing remarks that the leadership took note of the great dissatisfaction among rank and file.

nothing to tell. "He was still hunting the Ripper in old age. He quit clearly hadn't solved it."

Still, Mr. Wickes promises his film will "absolutely" identify the Ripper and show that there was a high-level decision to conceal the evidence against him.

This has led some experts to believe that the movie will go with a version of a conspiracy theory that has been kicking around for some time. According to it, a group of Freemasons led by Sir William Gull, the physician to Queen Victoria, killed the prostitutes to cover up the fact that Albert, Duke of Clarence, the queen's weak-willed grandson, had fathered a child by one of the murdered women.

al evidence on Mr. Druitt or perhaps the missing interview with Mr. D'Onston? Enter Mr. Rumblelow, in real life a City of London detective, in private life a Ripperologist whose artifacts include a post-mortem knife that may have been used in the murders and whose book "The Complete Jack the Ripper," is regarded as the most balanced round-up of the evidence.

Mr. Rumblelow is dismissive of Mr. Wickes's idea that Frederick Abberline, the Scotland Yard inspector portrayed in the film by Michael Caine, solved the case only to see his work covered up by his

SUMMIT: 'Historic' Moment

(Continued from page 1) missiles and a compromise on counting air-launched cruise missiles, said a senior U.S. official, who spoke on condition he not be further identified.

The joint statement, in what was clearly an allusion to disagreements over human rights as well as "Star Wars" and regional conflicts, said "serious differences" remained on important issues.

But it added: "The frank dialogue which has developed between the two countries remains critical to surmounting these difficulties."

On START, the statement listed the areas where progress had been made as limiting air-launched cruise missiles and verifying mobile land-based missiles — both areas which had bedeviled talks between the two powers in Geneva.

However, while Mr. Reagan said at the news conference that he stood by a space defense against the missiles as a concept he would be ready to share with the Soviet Union, Mr. Gorbachev made clear he could not envisage a START treaty unless the missile defense project was radically modified.

Mr. Gorbachev indicated growing anger over what Moscow officials say they regard as violation by the United States and Pakistan of accords signed in Geneva in April aimed at bringing peace to Afghanistan.

He said the Soviet Union, which on May 15 began to withdraw its forces under the agreements, intended to observe its obligations strictly.

NOTES: One Recurring Reagan Theme Is His Praise for Soviet Women

(Continued from page 1) forward, in the continuing good relations" between the United States and the Soviet Union.

A dispute broke out at the press conference given by Mr. Gorbachev over the reporting of Mr. Reagan's activities in Moscow. It was triggered by an American journalist who got up to complain that "not one word" about the president's talk at Moscow State University had appeared in the Soviet press. Not true, countered a journalist from Izvestia, who said the Soviet government newspaper published "a detailed account."

It turned out that Izvestia had indeed published a report on the president's meeting with university students, but it was hardly detailed. The newspaper summed up the 2,000-word speech, a passionate espousal of the need for freedom as the driving force of economic progress, by saying: "The greater part of the speech was devoted to the advantages of the American way of life."

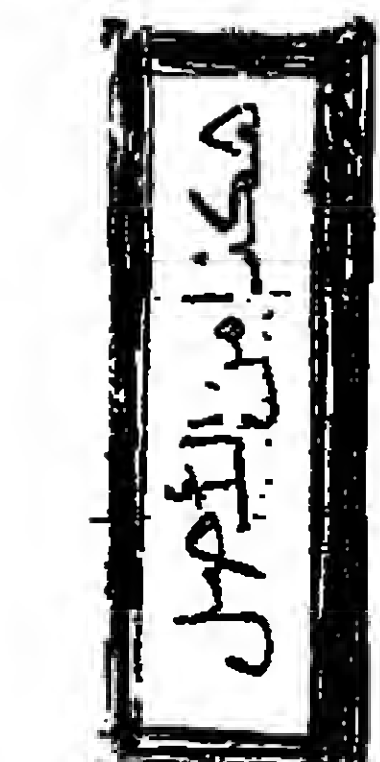
The Communist Party newspaper Pravda did somewhat better. It devoted 11 paragraphs to the speech, noting that the U.S. president had described "creative freedom" as "the most valuable type of economic resource."

The press corps is heartily sick of Mr. Reagan's favorite Russian proverb: *Dovroya no prosvetli*, or trust but verify. When Robert C. Byrd of West Virginia, the Senate majority leader, repeated the saying at a press conference on Wednesday, there were loud groans from the assembled journalists combined with shouts of "yes, we have already heard that one."

The Soviet secret police, the KGB, has been keeping a low profile during the meeting, but has not entirely disappeared. One American journalist has reported spotting a KGB agent who had tailed him around Moscow for several weeks walking around the international press center posing as a Soviet journalist.

When another American journalist walked into a plate glass door, slapping both his hands, the head of the KGB detail arrived on the scene well before the media. "What's happened to this door?" he shouted, clearly more concerned about the destruction of socialist property than the nearby pool of blood.

A U.S. official had an explanation: "It's clearly another manifestation of glasnost."



Herald International Tribune

In Praise of Freedom

As Lenin Looked On

It may have been Ronald Reagan's finest oratorical hour. For this president especially, the setting alone was stunning...

critically that it was as if Mr. Gorbachev in Washington last December had met with homeless people, American Indians and others who are disaffected...

The Rights Theme

President Reagan made human rights a leading theme of the Moscow summit, and did it with the right touch...

denied broadening of Soviet-U.S. relations. On Tuesday Mr. Reagan read a lesson on freedom at Moscow State University...

About Foreign Investors

Americans are suffering from an attack of fear and resentment of foreign investment. It is most evident in Hawaii and on the West Coast...

losing control of their communities and their affairs to foreigners. In one real sense that is true. The country has chosen to run large deficits for the last seven years...

An Opening in Pakistan

When Pakistan's President, Mohammed Zia ul-Haq, declared himself a democrat four years ago and held the first elections since his 1977 coup...

long as parties were divorced from elections, Pakistan was only half way to democracy. General Zia wants his constitution to be seen as more than a cloak for his personal rule...

Stop Denouncing Investment by Foreigners

By Anthony M. Solomon

NEW YORK — Economic nationalism and xenophobia are approaching serious proportions in the United States...

The benefits to the economy, and the country's competitive position in world markets, are real. Fifth, direct investment is less susceptible to sudden withdrawal...

power. But the recent rush to condemn foreign investment as politically motivated and threatening to so-called American economic sovereignty or independence is misguided...

The People Are Waiting For Sausage

By Flora Lewis

MOSCOW — This city is in a state of what can be called suspended animation. The Reagan-Gorbachev summit provided a few days of stumpy spectacles which should not be underestimated...

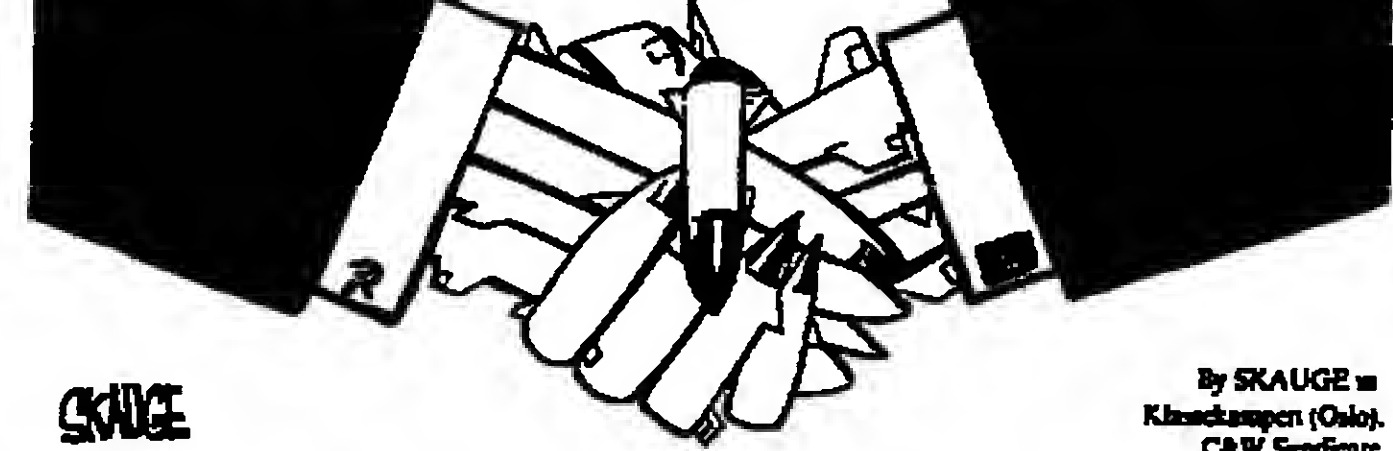
Yes, There Is a NATO Future After the INF Treaty

By Philip Geyelin

WASHINGTON — When the television news dummies, who know exactly what history will make of the meeting in Moscow?

U.S. missiles deployed in Europe, the Russians would never believe that America would put its own cities at risk by using strategic weapons...

comes next, and in what order. Led largely by Prime Minister Margaret Thatcher, NATO's European members seem to be reasonably well braced to resist Soviet blandishments...



Now for a Bipartisan American Vision

By William Pfaff

NEW YORK — The Reagan presidency may end by re-blessing upon the United States a foreign policy consensus lost a generation ago...

running for president. The men who are George Bush and Michael Dukakis, find militants of the right disarmed by Mr. Reagan's compromises with Moscow...

A Prospect of Relief for Cambodia

By Keyes Beech

WASHINGTON — For the first time since the Vietnamese invaded Cambodia nearly 10 years ago, there is a plausible scenario for their withdrawal without leaving the country in the mercy of the ravenous Khmer Rouge...

can official said, the Chinese have agreed to accept Pol Pot as a permanent state guest along with any other Khmer Rouge leaders who may want to leave Cambodia...

national reconciliation led by Prince Norodom Sihanouk, who has been living in exile since his overthrow in 1970. The prince is generally regarded as the only figure around whom the warring Cambodian elements might rally...

If the Chinese are serious, this would be close to a turnabout.

Beijing. Up to now its unyielding support for the Khmer Rouge has blocked a Cambodian settlement. The Khmer Rouge are held responsible for the deaths of two million Cambodians after seizing power in 1975...

100, 75 AND 50 YEARS AGO

1888: Democrats Gather

NEW YORK — Hundreds of delegates and hundreds of thousands of outsiders are preparing to attend the Democratic Convention which meets in St. Louis...

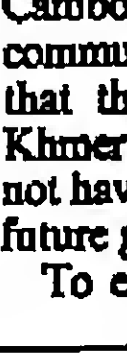
1938: British Proposals

LONDON — Prime Minister Neville Chamberlain has decided to make two new and dramatic moves to end the continuing tension in Europe and hasten general appeasement...

1913: A Spy Scandal

VIENNA — The treasury of Colonel Redl has caused a panic in government circles. After the discovery that he had sold military secrets to Russia, Colonel Redl also protected Russian spies in Austria and he raised suspicions of the loyalty of

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1958-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen



OPINION

The People Are Waiting For Sauce

Grist for Both Candidates From an Insider's Primer

By George F. Will

WASHINGTON — If Michael Dukakis is reading "Hardball" by Christopher Matthews (and if he isn't, here is what he should do, sort of. He should buy a big bar of soap (one of those soap-on-a-rope things might make sense) and a stack of fluffy bath towels, and he should come to Washington and take a lot of showers. He might want to look a little like a raisin, but not about to talk to Lyndon Johnson. In 1931, the 22-year-old Texan came to town and took up residence in one of the basement cubicles in the old (now one) Dodge Hotel. It was home to 75 or other young men on congressional stints. They shared a shower room, to which Mr. Johnson went for no fewer than four showers on his first night. He wanted to meet his peers as fast as possible. Four months later, he was named speaker of the "Little Congress," an organization of House staffers. He was on his way to you know where. There is nothing comparable to the Dodge Hotel in today's much grander Washington, but Mr. Dukakis may need the experience like Lyndon Johnson's. Mr. Dukakis's problems, one of which is to invite potentially ruinous comparisons with Jimmy Carter, is that he does not know the Washington players. Furthermore, having been basted too long by the juices of Harvard's Kennedy School of Government, he may consider the lubrication of government — to say the least — distasteful and beneath his dignity. The Johnson episode and the political idiom it illustrates ("It's not who you know, it's who you get to know") come from the book by Mr. Matthews. He writes from the Graduate School of Public Administration at Harvard.

Help in December

Each presidential campaign wears on candidates become increasingly convinced about their singular wisdom and awesome abilities. By October, the candidates are usually in a state of self-confidence will be elected. In December, reality reappears, and the candidates realize how little he knows. A new coalition, American Agenda, will help the president-elect by providing bipartisan briefings on major issues. The group was founded by two opponents who are now friends, former Presidents Gerald Ford and Jimmy Carter. Mr. Carter said, "We'll be a bipartisan effort to heal the political divisions of our election process." George Bush, Michael Dukakis and Jesse Jackson haven't enthusiastically accepted the help of American Agenda. That decision is to their credit. They will be grateful.

The Boston Globe

political Cammies, otherwise known as the staff of former Speaker Tip O'Neill. "Lived to the hilt a political career," Mr. Matthews says, "is a grand and exuberant experience." His book, a tossed salad of entertaining episodes, is a welcome reminder of that exuberance in a season when the two candidates seem so singularly joyless. Mr. O'Neill's most celebrated axiom is, "All politics is local." That is why Senator Lawton Chiles of Florida, who is now retiring, cultivated localness by wearing country-cut suits rather than Washington-style, no one comes up to me at the airport to say hello. The supremacy of the local was taught to Representative William Hughes, a New Jersey Democrat, shortly after he first was elected to Congress in 1974. He was conducting "town meetings" in his district, at which he would begin by explaining that as a federal legislator he of course was responsible only for national matters. "I don't take care of your potholes. I don't pick up your trash." Nevertheless, a woman rose in a meeting to say, "They're supposed to pick up my trash on Thursday afternoons and they never do and the dogs get into it." Mr. Hughes repeated his description of his responsibilities and suggested that she contact the mayor or local commissioner of public works. The woman replied, without a trace of sarcasm, "I didn't want to start that high."

Mr. Matthews's thesis is that there is much politics in everyday life and there are many truths in the politicians' rules. Vice President Bush recently acted on one of those rules. It is: "Hang a lantern on your problem." That is, be the bearer of your own bad news. Talk about your difficulty before the other guy does, and talk in a way that makes the difficulty endearing, and perhaps even a virtue. As a candidate, Jimmy Carter did that when he made much of the fact that he knew next to nothing about Washington.

Mr. Bush regularly violates the rule that you should speak only when your speaking will improve the silence. If Mr. Bush hung a lantern on all his problems, he would look like a Japanese garden at dusk. But he hangs a lantern well when he says approximately this: "Hey, I'm not eloquent or even articulate about my feelings, and I'm not exciting but, hey, the flip side of this lack of flash is a kind of full disclosure. What you see may be all you get, but at least it is what you get." Perhaps Mr. Bush's best hope for election is to get the nation hooked on the amazing things he says. The other day, vacationing in Maine, he said that the sea breezes and the rolling surf invigorate him, but that Mr. Dukakis's criticism disturbs his tranquility. "I'll tell you, I'm getting a little bit of a cholesterol rise." Hey, you know what he meant.

Washington Post Writers Group



LETTERS TO THE EDITOR

Iransians Against Khomeini

Bernard E. Trainor's front-page report "Iran Dissidents Join War Against Khomeini Units" (May 17) was suggestive. The strategic significance of the attacks by the rebel National Liberation Army cannot be underestimated. They point not only to an Iranian-inspired armed opposition to Ayatollah Khomeini but also to a new factor in the regional balance of power. One must not forget that the March 28 offensive took place in the oil-rich province of Khuzestan, where the military presence on the Iranian side of the border is at its highest. After Tehran's repeated failures in its war recruitment drives, its military defeats in the Faw Peninsula and the Gulf and the rising dispute between the Islamic fundamentalist guard corps and the army, many Iranian soldiers may decide to switch to this "alternative" army. The impact of these incursions would then go beyond the military dimension and assume political and social ones.

HAMID BAHAI, London.

Taking Jackson Seriously

It is time opinion-makers gave up pronouncing Jesse Jackson unelectable. Voters have shown that America is ready for a change, not only to a black president but toward policies that favor the poor at home and which strive for a more equitable, peaceful world.

SURESH SHUKLA, New Delhi.

Thank you for David S. Broder's April 30 opinion column "Why Jackson Believes 'We Are Winning Every Day.'" Mr. Jackson brings to the presidential campaign a much needed openness to human potential for change and reconciliation. The strong support he enjoys expresses the choice of the people, not of

entrenched interest blocks. I disagree with those who say that the lack of a clear winner in the Democratic race is a sign of party weakness.

MARGARET WARD, Bielefeld, West Germany.

A Middle East Solution

George Shultz should do himself and the world a favor and read Jerome Segal's "Forging the State of Palestine Begins With a Simple Declaration" (Opinion, May 27). He should hire Mr. Segal away from the University of Maryland and bring him into the State Department. Mr. Segal offers the first commonsense solution to the Israeli-Palestinian stalemate.

DAVID SWIFT, Brentwood, California.

A Jewish Anniversary

In "For Spain, 1992 Is Glory Year" (May 18), Reginald Dale fails to mention that 1992 will also bring the 500th anniversary of the expulsion of the Jews. Spain, Israel and Jewish organizations worldwide are planning events in honor of the Sephardic diaspora created by that expulsion. Sephardic Jewry, decimated by the Nazis, remains tied to Spain through the Ladino language, which preserves the structure of 15th century Spanish. It is perhaps more than coincidental that Columbus's first trans-Atlantic voyage was launched in the year of the expulsion, thus marking the beginnings of Jewish history in the Americas.

SHIMON SAMUELS, Jerusalem.

The Emperor's Prison

Regarding "The Last Emperor: History's Truth or Ministry of Truth" (Weekend, May 13) by Richard Bernstein: Mr. Bernstein quotes the historian John K. Fairbank as saying of the film

"The Last Emperor": "It is good drama, perhaps, but bad history." But Mr. Bernstein seems to rely almost exclusively on two works: "Prisoner of Mao" by Jean Pasqualini and a magazine article by the French writer Lucien Bodard. It is difficult to draw an overall picture from just those two sketches. Pu Yi was in the Fushun War Criminals Camp and Mr. Pasqualini was in a "normal" prison on a spy charge. The charges against them were different. Since Pu Yi was China's last emperor and Mr. Pasqualini was a French national, one must be careful about treating their cases as typical of prisoners' lives. The Fushun camp was closed and its prisoners released years ago. Thus, I could not see on what Mr. Bernstein based his statement that "the vast majority [of the prisoners] were in for life." Chinese firsthand accounts of the prisoners have abounded in recent years as the country has become more open. They allow interesting comparisons of the treatment of various categories of war criminals and political prisoners.

LEUNG MANFAI, Pontotoc, France.

A Seasoned Substitute

The Republican Party has the opportunity to nominate as its presidential candidate a man who has twice been elected vice president on the Republican ticket. He faithfully served his president. His conduct in office reflects the standards of his party. His dedication to the truth is equal to that of the incumbent. Spiro Agnew for president.

AARON STERNFIELD, Morges, Switzerland.

There's Laughter in the Air As New China Loosens Up

By Arne J. De Keijzer

WESTON, Connecticut — This year brings the 15th anniversary of China's reopening of cultural and business ties with the United States, a period that has seen monumental shifts in China as well as in American perceptions of it. Just for starters, sex technocrats in dapper business suits have replaced the Gang of Five. Economic pragmatism has displaced the Cultural Revolution. Most important, Hong Kong's fast-food, fast-buck, fast-paced culture has skipped the border to plaster over four decades of mainland insularity and austerity.

MEANWHILE

At the same time, China and things Chinese have become remarkably commonplace in the United States. Thanks to sister-city relationships, cultural exchanges, burgeoning business and, of course, tourism, people no longer ask, "What is China really like?" Now they ask, "What has changed the most?" For me, the changes have less to do with different leaders, new proclamations and growing trade figures than with everyday occurrences. So what's different? The colors: In the early '70s, China loomed at us in fearful colors: "Red China," "yellow peril," "gray hordes," "blue ants." Now the palette is greatly muted. One rarely hears "Communist China."

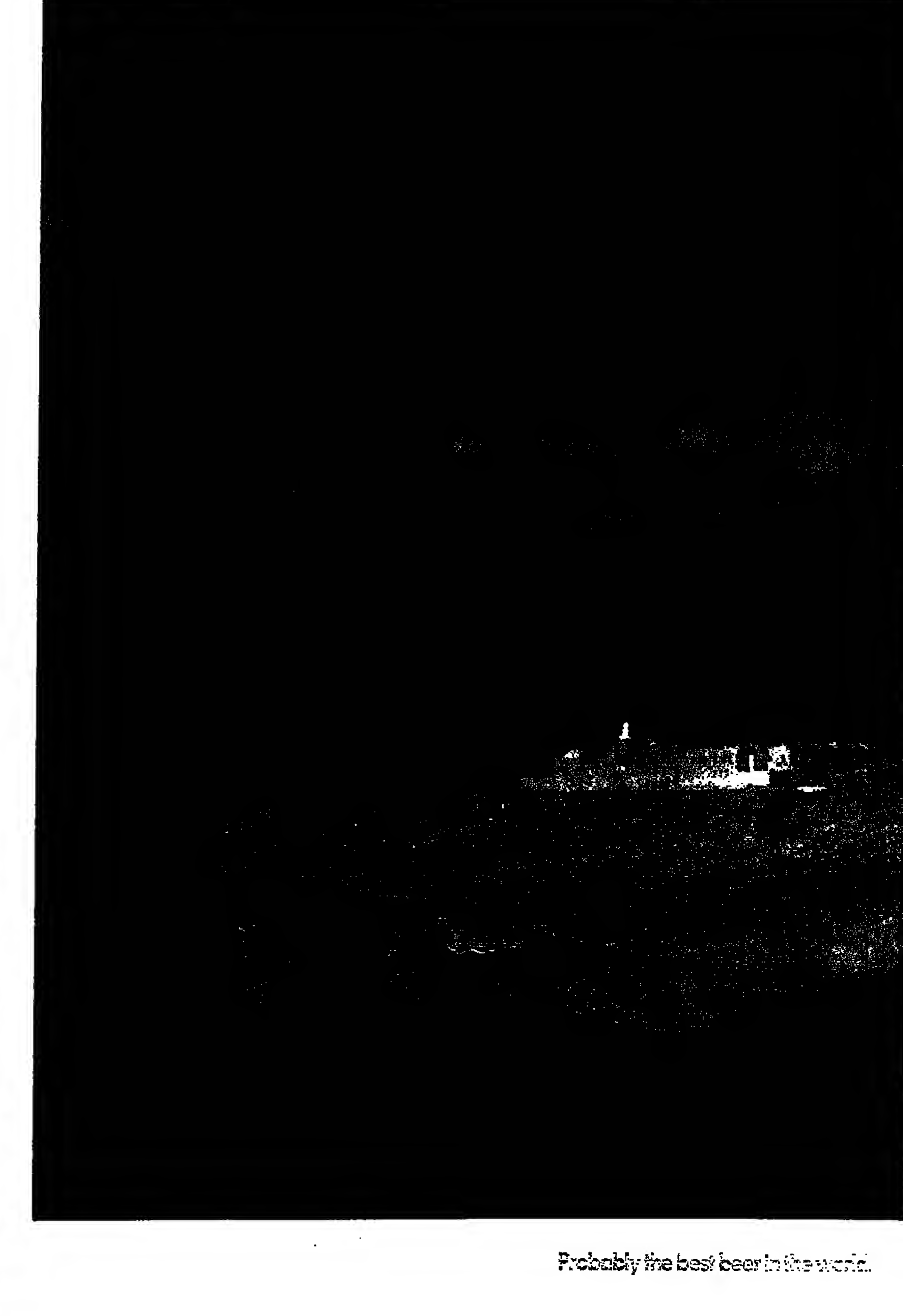
Indeed, Americans have gone so far as to largely assimilate the Chinese way of looking at the world. For example, they are no longer even startled by phrases such as "socialism with Chinese characteristics" and "doing business on the basis of friendship and mutual benefit." (We have even altered spellings. Peking is now Beijing duck.) The pictures that travelers bring back no longer show work gangs all dressed alike in Mao suits. Instead they show children with embroidered dresses and overalls, fashion-conscious women in colorful prints and gaudy jewelry, and businessmen sporting monogrammed shirts under their three-piece worsteds. The tabloids: In 1973 restaurants rarely changed their menus, covering up who knows what from previous meals. No linen napkins, just a sheet of waxy paper. At the end of the meal the comrade slapped the check on the table, received the pittance required and walked off. Coins given back in change were left on the table, meal after meal, appearing the next day in a large glass-front armoire in the lobby of the hotel that served as the public lost-and-found. Now? In an amazing change that is symbolic of how previously isolationist China has become eager to cater to the Western world, new tablecloths get changed regularly and linen napkins are arranged in graceful shapes. Caserous dining halls have given way to hotel chain dining rooms with standardized decor

and menus. You now can get pizza and a Coke — but don't leave things on the table, and try not to fall off your chair when they present you with the bill. The slogans: A walk across the railway bridge demarcating Hong Kong from China was the way most of us entered the country in the early and mid-'70s. A top the customs shed was a large billboard proclaiming, "Serve the People." That slogan, or one of hundreds of others, appeared on everything: factory gates, Canton trade fair displays, restaurants, hotels, letterheads, fruit curtains. They were more than slogans. There was a spirit of egalitarianism in the air. Bare-foot doctors, peasant painters and bureaucrats who were required to feed pigs at least one month a year seemed worthy of emulation to many visitors. Today, "serve the people" is absent in word and largely in deed. Everyone is too busy following the slogan of the '80s: "To get rich is glorious!" The outstretched hand now can all too often be found under the table. On the bright side, billboards urging family planning and traffic safety are certainly an improvement upon ones like "Dig tunnels deep, silt grain everywhere and resist hegemony!"

The nose: China was never quiet. In the '70s, as now, ubiquitous loudspeakers would start blaring at 6 A.M. The "correct" procedure for driving also persists: Blow horn, turn on ignition, blow horn, shift into second gear, blow horn, statter out into the stream of bicycles without looking, periodically blow horn. Although it is hard to imagine, China today is even noisier. Hotels throb with disco music or deliver Murak. In the street there is the incessant ringing of bicycle bells, the blare of car horns and the grinding of construction equipment. In restaurants and stores, becan haves blare rock music or mopey Tan-tan and Hong Kong love ballads. Try to get away from it all in a park and you are assailed by loudspeakers, motorcycles and vendors shouting to hawk their wares. In the midst of this cacophony, however, is one sound that was rarely absent in the early '70s. Laughter can now be heard in the lanes and alleyways, as can the sounds of television, VCRs, neighborhood anger and family joy. Birds warble from cages, and festive occasions such as weddings and store openings are celebrated with exploding firecrackers. The most important change is thus the increasing ways to express oneself. Never mind the fearful past or the uncertain future. Never mind resolving the issue of how to be at once Chinese and Western, or "socialist" and "free market." Today the Chinese are gradually becoming freer to be themselves.

The writer, a frequent traveler to China, is president of a firm that helps companies conduct business in China. He contributed this comment to The New York Times.

Advertisement for DSM fertilizer. Text: 'It used to take four to six years for a fruit tree to produce fruit. And people always had this dream of faster and better harvests. Now DSM, one of Europe's largest chemical companies, has helped realize this dream. In co-operation with the Research Station for Fruit Growers in Holland, the researchers at DSM have developed a completely new fertilising technique for north-west Europe. They call it 'fertigation'. It uses the environmentally benign drip irrigation system. The drip, however, is enriched with a special fertiliser which is fully soluble in water. Thus the roots receive, drop by drop, moisture and nutrients. In exactly the right amounts. The results are remarkable: since we improved the drip, we've been able to harvest at least a year earlier. And both the yield and the quality have improved tremendously. Fertigation is one of our technologies which is certainly bearing fruit. DSM. If we don't have a solution, we find one.'



Probably the best bear in the world.

ASIAN TOPICS

Indonesia Outlaws Pirating of Music

Indonesia ceased Wednesday to be the world's largest exporter of pirated music audio cassettes...

Stores in Indonesia selling pirated tapes reported a boom in business as the deadline approached.

Our sales have tripled, said Andi Sulhan, manager of a Jakarta music store.

Prices are expected to double from the present level of \$1.50 a cassette...

However, the agreements only cover sound recordings of music.

More than 100 people have died in a heat wave in northern India in the past two weeks.

Postcards backed with adhesive aluminum foil to conceal their written contents are selling briskly in Japan...

Many Vietnamese exiles in Europe and the United States plan to attend the ceremonies.

This is not merely an affair of the Catholic Church, said Nguyen Quang Huy...

Many Vietnamese exiles in Europe and the United States plan to attend the ceremonies.

By a 14-to-1 vote, the Supreme Court declared legal the enshrinement of Takamuni Nakaya...

Since then, however, officials have periodically used the status of the Yasukuni Shrine to challenge this distinction.

More recently, Yasuhiro Nakasone caused an uproar at home and abroad by declaring that he had worshipped at the shrine in his official capacity as prime minister.

This was a "simple way to put the matter quietly to rest," Mr. Lee said.

Meanwhile, Goh Chok Tong, first deputy prime minister, warned on Tuesday of a likely cut in U.S. Embassy staff.

Earlier this month, Singapore requested the withdrawal of the U.S. Embassy's first secretary.

Singapore said the U.S. officials allegedly cultivated disaffected local lawyers and encouraged them to oppose the government in the next elections.

In a strong defense of the United States as a friend of Singapore, Mr. Lee told members of Parliament that he wanted no more intemperate language.

On Tuesday of a likely cut in U.S. Embassy staff. Last week, Hsien Loong, Mr. Lee's son and trade and industry minister, pledged the U.S. officials to a lengthy debate to clear their names.

The prime minister said he understood the feelings of his colleagues but said he and his colleagues have lodged a protest way that does not damage bilateral relations with the U.S.

"Over many years, we have fully calculated and re-calculated our interests and we have concluded that the United States is for the good of the region and Pacific," he said.

China has flown a consignment of yak hair to London for the plumes that adorn the helmets of the Queen's Household Cavalry.

The scheduled canonization June 19 in Rome of 117 Vietnamese and foreign Roman Catholic martyrs persecuted by 17th- and 18th-century Vietnamese rulers has provoked strong protests from Hanoi.

The decision, which reversed two previous verdicts, raised questions about the extent of religious freedom in Japan and the constitutionally mandated separation of religion and state institutions.

Commentators also placed the ruling against the background of a perceptible rise in nationalist sentiment among some officials and members of the governing Liberal Democratic Party.

In particular, the court decision is expected to heighten controversy over visits by government officials to Yasukuni Shrine.

Shinji Otsuki, a senior editorial writer at Asahi Shimbun, a national newspaper, said: "This kind of loose constitutional reading is likely to encourage strong sentiments within the military and lend Yasukuni a larger role in public life."

By a 14-to-1 vote, the Supreme Court declared legal the enshrinement of Takamuni Nakaya, who was serving as a first lieutenant in the Japanese Self-Defense Forces when he was killed in an auto accident 20 years ago.

Mr. Nakaya was memorialized in 1973 at the Gokoku Shrine, a kind of extension of the Yasukuni Shrine.

Planning Commission, which draws up the country's development plans, said there were at least 20 million more Indians than earlier believed.

He used the 800 million figure for the first time Monday and said it was based on recent government statistics.

This is a staggering growth of more than 120 million people in less than eight years.

Until recently, the government had said that the population is about 780 million.

Japanese Court Ruling Raises Queries on Role Of State in Religion

By Patrick Smith International Herald Tribune

TOKYO — The Supreme Court ruled here Wednesday against a Christian widow who has contested for 15 years the legality of her husband's enshrinement by the Japanese military in a war memorial dedicated to the nation's former state religion.

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This is a staggering growth of more than 120 million people in less than eight years.

Until recently, the government had said that the population is about 780 million.

Japanese Court Ruling Raises Queries on Role Of State in Religion

By Patrick Smith International Herald Tribune

TOKYO — The Supreme Court ruled here Wednesday against a Christian widow who has contested for 15 years the legality of her husband's enshrinement by the Japanese military in a war memorial dedicated to the nation's former state religion.

The decision, which reversed two previous verdicts, raised questions about the extent of religious freedom in Japan and the constitutionally mandated separation of religion and state institutions.

Commentators also placed the ruling against the background of a perceptible rise in nationalist sentiment among some officials and members of the governing Liberal Democratic Party.

In particular, the court decision is expected to heighten controversy over visits by government officials to Yasukuni Shrine.

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FATAL MANILA CRASH — Rescue workers sift through the wreckage of a small private plane that crashed near Manila airport on Wednesday, killing all three persons aboard.

End to Dispute Sought in Singapore

Agence France-Press

SINGAPORE — Prime Minister Lee Kuan Yew proposed on Wednesday that an international panel resolve a dispute with Washington and called on Singapore's younger leaders to curb their criticisms that United States officials allegedly meddled in domestic politics.

Speaking in Parliament, Mr. Lee said a panel of three neutral experts in international law should determine whether U.S. officials had overstepped the bounds of diplomatic behavior.

This would be "a simple way to put the matter quietly to rest," Mr. Lee said.

Meanwhile, Goh Chok Tong, first deputy prime minister, warned on Tuesday of a likely cut in U.S. Embassy staff.

Earlier this month, Singapore requested the withdrawal of the U.S. Embassy's first secretary.

Singapore said the U.S. officials allegedly cultivated disaffected local lawyers and encouraged them to oppose the government in the next elections.

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The prime minister said he understood the feelings of his colleagues but said he and his colleagues have lodged a protest way that does not damage bilateral relations with the U.S.

"Over many years, we have fully calculated and re-calculated our interests and we have concluded that the United States is for the good of the region and Pacific," he said.

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Rothmans KING SIZE advertisement featuring a large image of a cigarette pack and the text 'ROTHMANS KING SIZE REALLY SATISFIES THE BEST TOBACCO MONEY CAN BUY'.

INTERNATIONAL CLASSIFIED advertisement containing various real estate listings, auto rentals, legal services, and travel agencies.

France's Appeal for a Centrist Alliance

By Joseph Fitchett
International Herald Tribune

PARIS — In the French parliamentary election campaign, one word is on the politicians' lips: *ouverture*, a call for political parties to open up to cooperating with each other instead of pursuing a left-right power duel.

President François Mitterrand and Prime Minister Michel Rocard have pledged to open the government to non-Socialist participation.

NEWS ANALYSIS

ment to include non-Socialists and figures outside the political world even if the Socialists win the big parliamentary majority the polls are predicting.

Mr. Mitterrand appears to be trying to transcend electoral arithmetic, which could produce an overwhelming Socialist majority when polls say most French people want middle-of-the-road policies.

The search for such an opening has revived the dream of a centrist coalition embracing moderate policies that reflect a broad consensus in French society.

Centrist policies withered under De Gaulle and his successors, forcing voters to choose between the Gaullist right and the Socialist-Communist left.

Mr. Mitterrand, who gained significant support from conservatives in his presidential campaign by calling for an opening to the center, is now warning his own party not to let the Socialist victory in the presidential vote blind it to more-conservative currents of opinion.

If Mr. Mitterrand seems to have a chance of overturning the Gaullist legacy, it is because he and Mr. Rocard are advocating a definition of openness that encompasses several dimensions:

• Established political blocs would open, creating a new centrist group from the 80 or 90 politicians who used to be called "moderate rightists" in the 577-seat National Assembly, distinct from their Gaullist coalition partners, with nearly 200 seats.

The centrist — politicians such as Raymond Barre, Simone Veil, Pierre Méhaignerie and perhaps some liberal Gaullists — would try to influence both the Socialists and a broader Gaullist grouping, playing a moderating role similar to that of West Germany's Free Democrats.

• France's elite governmental bureaucracy, which dominates economic, industrial and cultural activities, would abandon some of its authority and secrecy, opening its

decision-making process to members of parliament and the public.

• "France needs less bureaucracy and more personal initiative in every sector," Mr. Rocard has said.

• The government, by becoming more open to the concerns of a broader cross-section of the populace, hopes to neutralize extremist factions by undercutting the feeling among many French people that they are being ignored.

The Socialists' aim of overhauling political institutions to mirror social changes is not new in France.

In 1972, Valéry Giscard d'Estaing said: "France wants to be governed from the center, where two-thirds of French people see themselves politically." As president from 1974 to 1981, he was forced to the right by his Gaullist allies, just as Mr. Mitterrand had to contend with doctrinaire Socialists when he became president in 1981.

For the last two years, Mr. Mitterrand had to accept as prime minister the Gaullist leader, Jacques Chirac, in a power-sharing arrangement that French people apparently liked. An effective *ouverture* could prolong this cooperation, perhaps in a more constructive fashion.

But Mr. Mitterrand's determination will only be tested in the light of the legislative election's outcome.

The Socialist Party has said that it would support 50 or so threatened "centrists" in the run-off round of the two-stage elections on June 5 and June 12. The Socialists expect to win 350 seats themselves.

But centrists fear they could destroy their own credibility unless they obtain political guarantees from Mr. Mitterrand about their role after the election.

Great difficulties confront the Socialists' attempt to shake up France's network of elite bureaucrats, many of whom spend their entire careers in government without any experience in business.

Analysts say that this caste, instrumental in managing France's impressive industrial gains since World War II, can no longer stay in touch with a rapidly changing economy and society.

Mr. Rocard has publicly ordered his government to reach beyond the circle of elite advisers in an effort to get in touch with ordinary citizens' concerns.

Another target — being "open" and not "discriminatory" — seems more realistic. The Socialists say that support for Jean-Marie Le Pen, an extreme rightist leader, is a protest vote fed by different social frustrations.

By encouraging local initiative, the Socialists are hoping to find specific local remedies and reassure French people.

Privately, Socialist leaders concede that "a two-speed France of winners and losers" will emerge amid the economic modernization needed to meet Europe-wide competition after 1992.

However, they say, the rhetoric of national solidarity can still help maintain social cohesion and benefit France economically.

Floating Slime Killing North Sea Fish

By Barry James
International Herald Tribune

Scientists and environmental experts from West Germany, The Netherlands and Scandinavia met in Kiel starting on Wednesday to discuss ways of dealing with an invasion of slime that has resulted in thousands of dead fish washing up on the shores of southern Scandinavia and northern Germany.

In Bonn on Wednesday, Bundestag environmentalists demanded an immediate halt to the dumping in the North Sea of untreated wastes. These are believed to have contributed to the sudden flourishing of the yellow-green, glutinous slime, following an unusually mild winter and spring.

The disaster — believed by some observers to be the first of its kind in Europe — is caused by microscopic algae that have jelled into a floating mass several miles across. The algae, which for a time were doubling in mass every 20 hours, use up so much oxygen as they grow that fish and other marine life are stifled.

Hundreds of dead seals also have washed up on the shores of Denmark, Sweden and the North Sea island of Sylt in recent days. Biologists said the seals appeared to be suffering from a virus that affected their lungs. They were investigating the possibility that the seal deaths might be connected with the slime.

Norwegian officials were concerned that the algae might attack floating fish farms containing an estimated 15,000 tons of salmon and trout. Trawlers in recent days have pulled the giant mesh tanks, in which the fish are stored, deep into the fjords, to safer waters.

In Sweden, at least 80 tons of fish were killed in similar floating tanks, and have been ground up into fertilizer. Many fish farmers were reported to be culling their stocks prematurely.

The large slime mass was first spotted off the North Sea coast of Sweden two weeks ago and since has floated around the southern coast of Norway toward the west, expanding en route. Marine biologists said the mass was moving into the open sea Wednesday, just south of the Norwegian port of Bergen.

Experts at the Maritime Institute in Bergen said the mass may be dispersing by itself, as the algae use up the nutrients that caused them to multiply in the first place.

The Bergen observers said the number of algae had fallen to less than one million for every liter of water, compared to 10 million earlier this week. A level of three million a liter is thought to be fatal to most forms of marine life. But high concentrations of algae were still being noted in the Skagerrak Strait between Denmark, Sweden and Norway.

In Kiel, experts from the West German environmental ministry and the affected areas sought to establish the cause of the slime explosion, as well as ways of preventing a recurrence. The likeliest cause seems to be the presence of large amounts of nitrates and phosphates in the water, combined with a long period of warm weather. The sea in effect turns into a nutritional soup, on which the algae, which are always present, can thrive.

The nitrates and phosphates come primarily from agricultural run-off and household detergents. They compound a pollution problem caused by untreated sewage and industrial

wastes that pour from the Rhine, Elbe and Weser rivers.

At the special Bundestag session, the environment minister, Klaus Töpfer, said that he will press for international action to reduce the amount of wastes dumped in the North Sea.

The Greens ecologist party said there is an "alarming" need to preserve the ecological balance of the North and Baltic seas. It called for an immediate halt to the dumping of toxic wastes at sea and to the activities of incinerator vessels that burn wastes off the coast.

John Iversen, of the Danish Socialist People's Party and a member of the European Parliament, said in a telephone interview from his home in Aarhus that he will call for emergency action to combat pollution in the North Sea when the parliament meets in Strasbourg next week.

He urged a tax on fertilizers, both to discourage their use and to provide funds to clean up the polluted waters. He also said there should be a limit to the number of animals that can be raised on a given amount of land.

He charged that an over-concentration of pigs and livestock in the Netherlands and Denmark, which produced vast quantities of animal waste, was a major source of pollution.

Mr. Iversen warned that the pollution could have a devastating effect on the fishing and tourism industries in the countries on the North Sea.

Danish officials said, however, that the algae presented no threat to human health and said that most of the country's beaches remained unpolluted.

WORLD BRIEFS

Arafat Assails Assad Over Shelling

BEIRUT (NYT) — A recent reconciliation between Syria and the Palestine Liberation Organization has suffered a setback as a new dispute has broken out between Yasser Arafat and the Damascus government.

On Saturday, Mr. Arafat, chairman of the PLO, released a statement blaming President Hafez al-Assad of Syria for the shelling of two Palestinian districts in southern Beirut.

Mr. Arafat was quoted as saying that Mr. Assad ordered the shelling two days before Syrian troops moved into the southern district to end clashes between rival Shiite Muslim factions. "The shelling came from Syrian positions," Mr. Arafat said, "and I pose this question to President Hafez al-Assad: Can anyone aim his artillery without the agreement of Assad? It was agreed in my meeting with Assad that we would turn a new page, but now we see attacks on Sabra and Chatila camps just as Israel attacks Palestinian camps."

U.S. Says Iran Is Building Missile Site

THE GULF (AP) — A U.S. Navy official said Wednesday that Iran was about to complete a new Silkorm missile site in the Strait of Hormuz. Missiles launched from the site could cover the entire strait, he said.

Lieutenant General George B. Crist, head of the U.S. Central Command, said that Iran was "not out of the game," despite its setbacks from a recent sea battle with the U.S. Navy. He said Iran was building the complex at Kuhstak, from which Silkorm missiles could cover the strait. They have a range of 80 to 95 kilometers (50 to 60 miles).

General Crist said the highly sophisticated Aegis missile cruiser Vincennes, which arrived in the Gulf during the past week, was deployed partly because of the new Silkorm activity by Iran.

Hondurans Kill Nicaraguan Soldier

TEGUCIGALPA, Honduras (Reuters) — A Nicaraguan soldier was killed in a clash with Honduran troops when his military unit crossed the border into Honduras, the armed forces said on Wednesday.

The Nicaraguan troops, some of whom may have been wounded, withdrew after the clash on Tuesday in El Paraiso Province about six miles (10 kilometers) inside Honduras, a military statement said. Honduran troops had no casualties, it added.

Honduras and Nicaragua were embroiled in a dispute over border incursions in March after the Sansinist army launched an offensive against Nicaraguan guerrillas along the jungle frontier.

Hyundai Closes Main Plant in Strike

SEOUL (UPI) — The Hyundai Motor Co., South Korea's largest auto maker, closed its main plant Wednesday because of a strike. Workers at a subsidiary freed an executive they had held for five days to press demands for a wage increase.

A spokesman said the plant at Ulsan, 190 miles (305 kilometers) southeast of Seoul, was shut to lock out striking workers. About 20,000 employees have been on strike for three days.

At Hyundai Precision Industry Co. in Changwon, 195 miles southeast of Seoul, union members released the board chairman, Chung Mong Gu, 51, for medical treatment. He is a son of the Hyundai Group's founder, Chung Ju Yung, and had been held along with 10 other executives.

Israeli Cites Cash Crisis in West Bank

JERUSALEM (Reuters) — As hundreds of children staged protest marches in the occupied West Bank on Wednesday, Israeli occupation authorities said they were running out of money and suspending public services to Palestinian residents.

A senior Israeli administrator in the West Bank said that a serious shortfall in income tax and local and municipal taxes was causing a breakdown in public services. Palestinian organizers of the uprising in the occupied West Bank and Gaza Strip have called for a tax boycott.

The administrator, who declined to be identified, said welfare programs for the most destitute had been suspended and some of the Civil Administration's 17,000 Palestinian employees would be laid off.

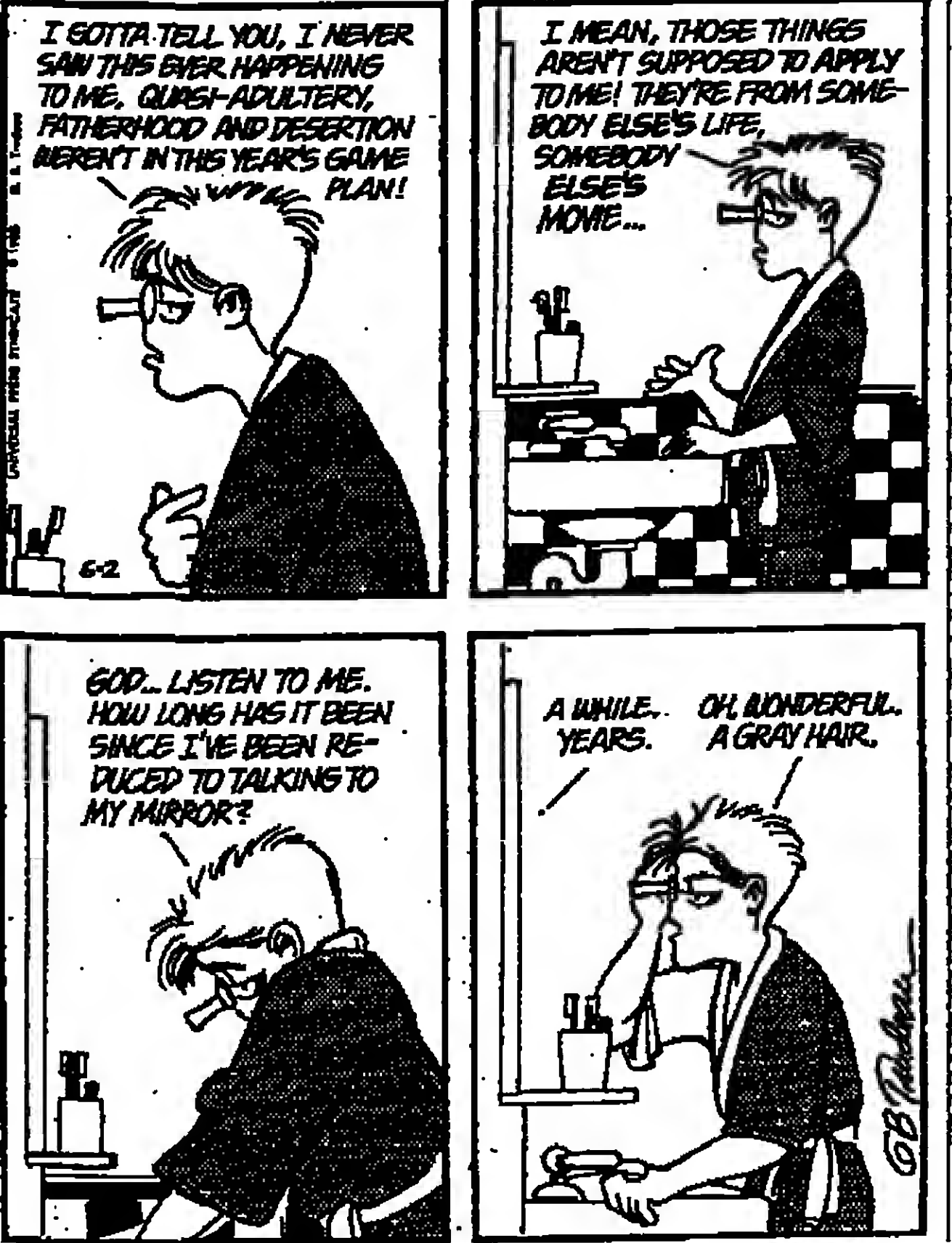
TRAVEL UPDATE

Employees of the Spanish state-owned rail system RENFE held a 24-hour strike Wednesday to protest job cuts imposed by the company to increase productivity and reduce losses.

The Miami-based Eastern Airlines, trying to avoid new layoffs, will transfer workers and sharply limit hiring this summer, officials said. The airline, which lost \$258 million last year, cut on Wednesday 29 flights from its southern hub in Atlanta.

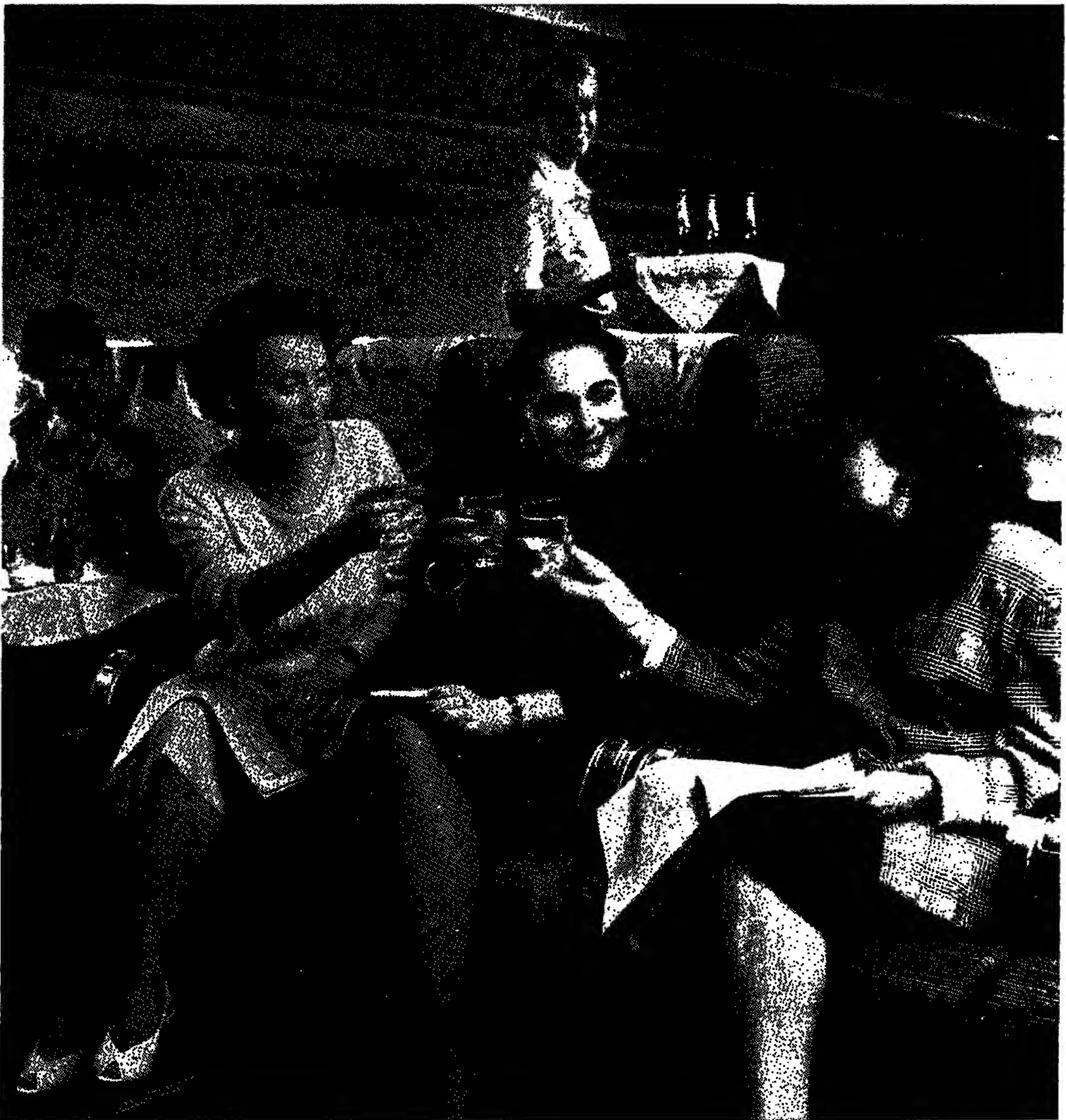
Strikes by ground staff at airports in Düsseldorf, Stuttgart, Hannover and Frankfurt disrupted flights of the West German airline Lufthansa for the second day on Wednesday.

DOONESBURY



"What a nice way to end a long business trip."

This is an authentic passenger statement.



 Lufthansa

SCIENCE

Panda Loans by China Arouse Bitter Dispute

By Philip M. Boffey
WASHINGTON — A scramble by American zoos to borrow rare giant pandas from China as a way to generate large crowds has triggered a bitter dispute among long-standing allies in the animal conservation movement.

On the other side are the Interior Department's Fish and Wildlife Service, which granted a permit to Toledo after judging that importation of the two giant pandas was "not detrimental to the survival of the species," and the zoo itself, which contends that its display will not interfere with panda breeding.

that the wildlife fund's suit is itself "a major publicity stunt" designed to attract donations. "I look on the suit as a membership campaign," he said. "It's no different from what they're saying about us."



Crowds have been attracted to the giant panda cage in Ohio.

Dormant Virus Found in Some Cases of AIDS

By Gina Kolata
RESEARCHERS studying the course of infection with the AIDS virus have discovered four cases in which the virus apparently became dormant in patients' bodies.

The scientists do not know whether the patients will eventually develop acquired immune deficiency syndrome. But they said the finding that the virus, at least in rare cases, may stop growing altogether in the body might provide clues to future treatment.

Blood from the four patients, all homosexual men, had previously yielded antibodies to the AIDS virus, substances that are produced in response to the invader. But later, in a puzzling and unusual development, antibodies could no longer be detected. Nor could the virus be detected directly using the best available tests.

Some scientists speculated at first that the patients had somehow rid themselves of the virus. But now, using a new, very sensitive technique that finds genetic footprints of the virus inside cells, the investigators have concluded that the virus remains in the patients, in a suppressed state.

Although it has long been known that the AIDS virus can lie dormant in cells, scientists believe that in virtually all cases some virus can be detected and antibodies remain present.

The finding "gives us some hope, if we can understand it," said Dr. Alfred Saah of the University of Pittsburgh. He said that since the data from these four people represented "the first time we have evidence that the virus is not growing in infected people," researchers can now try to learn how and why the virus was suppressed, which could

provide clues to future treatment methods. The researchers found four out of 1,000 AIDS virus carriers they studied in whom the virus stopped growing. The men were well and their immune systems were normal, although one of the men has subsequently shown signs of AIDS infection again.

Researchers said they believe the finding was significant mainly as a clue to the treatment of AIDS virus infections.

HIV Treatment Urged
The National Academy of Sciences said the hundreds of thousands of Americans infected with the AIDS virus should be considered as suffering from a disease even if they don't have full-blown AIDS, the Associated Press reported from Washington.

HIV infection as a disease is important because it may eventually amenable to treatment and patients will need to be diagnosed and treated as early as possible," the academy said. The federal government's failure to curb the spread of AIDS virus among intravenous drug abusers is the weakest link in the U.S. effort to fight the epidemic, according to some scientists.

United Press International said in a report to the Public Health Service and other medical or policy leaders, a joint committee from the National Academy of Sciences and the Institute of Medicine urged government to set up a grant program to help finance the care for AIDS patients and their families with the human immunodeficiency virus.

Advertisement for GIN featuring a bottle of gin and a glass. Text: "THERE'S ONLY ONE GIN FOR THE WELL-INFORMED." Includes a small crossword puzzle graphic.

Test May Predict Recurrence of Cancer in Breast

By Lawrence K. Altman
BRITISH and American researchers are experimenting with what they hope will be the first reliable predictor of which breast cancers will recur or spread.

pendable in studies over the next several years, it will help doctors solve a critical problem in caring for the 130,000 American women who develop breast cancer each year: deciding who needs chemotherapy or hormonal therapy to prevent recurrence and who can

safely be spared the discomfort and risks of such treatment. A prognosis is generally based on the presence of cancer in nearby lymph nodes and certain features of the cancerous cells. Many women with breast cancer do not need the additional treatment, but doctors do not know how to identify them.

Only 12 days ago, in an unusual announcement based on unpublished studies, the National Cancer Institute advised physicians to consider prescribing chemotherapy or hormonal therapy after the initial surgery, even in women in whom there is no evidence that the cancer has spread. The new advice was based on unpublished studies showing that many of these women were suffering recurrences of cancer that might have been prevented by chemotherapy.

In the experimental new technique, scientists in London and New York have separately developed tests that allow them to identify, even in tiny numbers, cancerous cells that have spread to the bone marrow.

Doctors are not sure whether the presence of cancerous cells in the bone marrow will foretell recurrence of breast cancer in all cases. So the researchers are doing additional studies.

Researchers from the Memorial Sloan-Kettering Cancer Center in New York found cancerous cells in the bone marrow of 18 of 51 women with breast cancer, or 35 percent, in a group in whom no cancerous cells could be detected in the marrow by conventional tests, according to a report in The American Journal of Surgical Pathology. Using the new test, these re-

searchers also found cancerous cells in the marrow of 6 of 22, or 27 percent, of women with no evidence that cancer had spread to the lymph nodes, whereas cancerous cells were found in the marrow of 12 of 29, or 41 percent, of those in whom cancer had spread to the lymph nodes.

Earlier, the British team reported that women with breast cancer who had malignant cells detected in the marrow by their test relapsed at a greater rate than women who did not have cancerous cells in the bone marrow. But because disease can recur many years later, the crucial data from both studies will not come for several more years.

The experiments involve several hundred women. If the correlations prove useful, the researchers hope they can determine the most effective treatments for breast cancer from the time the cancer is diagnosed in women at highest risk.

Another long-term hope is to modify the tests to determine best course of treatment for types of cancer. Dr. Michael P. Borner, a member of the Memorial Sloan-Kettering research team, said in an interview.

For now, the tests are not used to evaluate the efficacy of treatment, but only to determine how the results correlate with the course of breast cancer. The new tests rely on immunologic and chemical reactions to test cancer cells that originate in the breast and travel to the bone marrow. The bone marrow procedure is used because it is done and because bone is where breast cancer most often spreads.

Advertisement for HOTELS MERIDIEN. Features a black and white illustration of a group of people in formal attire dining at a table. Text: "The very soul of France in North America." Includes contact information for reservations in various cities.

Advertisement for US LAW FIRM seeking a Paris Office ATTORNEY. Text: "French mother tongue and education (Maîtrise, DES or DEA) having 2-4 years experience in corporate/business/tax law, with a law firm with a substantial French practice. Excellent command of English a must."

Advertisement for BUSINESS AFFAIRS MANAGER. Text: "Der ideale Kandidat sollte über einschlägige Berufserfahrung mit besonderem Schwerpunkt auf Vertragsverhandlungen (möglichst im Medienbereich) verfügen Einsatzbereitschaft und ein hohes Maß an Flexibilität und unerlässlich."

Advertisement for ASTRA satellite services. Text: "Die SOZETE EUROPEENNE DES SATÉLITES Europäischer privater Satellitenbetreiber wird den Astra-Fernsehsatelliten Ende 1988 starten."

Advertisement for ASTRA satellite services. Text: "Ihre ausführlichen Bewerbungsunterlagen mit tabellarischem Lebenslauf, Zeugniskopien, Angaben der bisherigen Tätigkeiten, Schritprobe, Lichtbild sowie alle weiteren Angaben richten Sie bitte an: Herr C. Pechner, 83, avenue de la Liberté, Postfach 1781, L-1017 LUXEMBOURG."

Advertisement for Southpaw Life Expectancy. Text: "WASHINGTON (WP) — Left-handed people have shorter life expectancies than right-handed people, according to two psychologists who examined data in The Baseball Encyclopedia, which lists the left- or right-handedness of people along with birth and death dates."

Advertisement for Vast Recent Lava Field. Text: "NEW YORK (UPI) — Geologists have discovered a mammoth lava field, believed to be the largest created in recent times, on the floor of the Pacific Ocean. The field extends 11 miles (18 kilometers) from an apparent source along an underwater formation called the East Pacific Rise, and has an estimated average thickness of 230 feet (70 meters)."

Advertisement for Month of May Had 2 Full Moons. Text: "WASHINGTON (WP) — It only happens once in a blue moon, but this month of May had two full moons — on May 1 and 31, a phenomenon traditionally known as a blue moon. This occurs on an average once every 2.7 years, the last time in July 1985. The next will be Dec. 31, 1990."

Advertisement for Chinese Seismologists Study Animals. Text: "BEIJING (UPI) — Chinese seismologists are studying animal behavior in an attempt to predict earthquakes in a country rocked by some of history's most catastrophic ones. More than 10 seismological research centers have raised 10 species of animals to collect and analyze information on abnormal behavior of the animals before quakes, the Shanghai Daily said. Chinese scientists have concluded that domestic animals such as livestock, chickens and dogs provide the best warnings. Specialists say certain changes in the Earth's vibration before earthquakes may result in changes in sound that only animal ears detect. Another possibility is that pre-quake phenomena release certain gases of which only animals are aware."

Vertical sidebar containing various financial and market data, including "Interest Rates" and "Gold" prices.

INTERNATIONAL MANAGER

After Crash, Fewer MBAs Heading for Wall Street

LONDON — Wall Street and its British counterpart, the City of London, have been primary destinations for freshly minted masters of business administration because of the glamour, prestige and large bonuses that come with banking and brokerage. But in the aftermath of the October stock-market collapse, the major U.S. business schools are predicting that the number of MBA graduates this year who choose jobs in the securities industry will be down sharply.

The picture is more mixed in Europe, where some business schools estimate either a leveling off or even a slight increase in the percentage of the graduating class going into financial services institutions. The reason, they say, is that financial institutions in Europe did not overhire in the last two years as much as their American counterparts.

"Our preliminary information from this year's graduating class indicates that hiring from investment banking will be dramatically down," said Peg Lang, director of MBA placement services at the Harvard Business School in Cambridge, Massachusetts.

In 1986 and 1987, 30 percent of Harvard MBAs went into commercial and investment banking, getting an average starting salary of \$50,000. This year only an estimated 10 to 15 percent will go into banking, about the same as earlier in the decade. Ms. Lang said that more MBAs than last year are expected to go into management consultancy and industry. But despite the average \$67,300 starting salary offered by management consulting firms, and their traditionally aggressive recruiting techniques, Harvard does not expect a rush into that field this year.

"This is the first class to be graduating after Harvard Business School changed their admissions policy two years ago to take on people with more varied backgrounds who are older," said Ms. Lang. "Many already know what they want to do when they get out and are less likely to be swayed by the market."

THE WHARTON School at the University of Pennsylvania also predicts a "decline in hiring in the financial area which is being picked up in part by management consulting firms," a spokesman said.

The placement office at the London Business School estimates that "hiring in the City will be down and that both by management consultants and by industry will be higher." In 1986, as many as 46 percent of MBAs at London Business School took jobs in financial institutions, last year 39 percent did so. In 1986, 29 percent of the class went into management consulting; that rose to 37 percent in 1987.

European business schools have not seen a decrease in demand for their graduates by financial services institutions. MBA graduates from these schools do not seem to be put off by the high risk of the investment banking business, a risk recently demonstrated in the wave of firings that followed the market collapse.

The European Institute of Business Administration (INSEAD) in Fontainebleau, France, estimates that 25 percent of its MBAs will be going into financial services, the same as last year, but that more will be going into management consulting, from 25 percent last year to 30 percent this year.

The International Management Institute (IMI) in Geneva estimates that 20 percent of this year's MBA class will go into financial services, up from 12 percent last year.

"There is a shift in where the demand is coming from," said Ahmed Aykac, director of the MBA program at IMI. "For instance, the Swiss banks are expanding internationally and some smaller U.S. banks want to get into investment banking in London."

U.S. Acts On Debt In Africa

Baker Supports Relief for Poorest

ABIDJAN, Ivory Coast — The U.S. Treasury secretary, James A. Baker 3d, announced on Wednesday that his country would support a debt-relief plan to help the world's poorest nations.

Speaking at the annual meeting of the African Development Bank, Mr. Baker said the United States was prepared to support concessional interest-rate reschedulings within the informal Paris Club of creditor nations to help what he called the "poorest of the poor."

Mr. Baker said Paris Club nations were providing debt relief through reschedulings in support of appropriate economic programs. Most of the world's very poor countries are in Africa. Because Western banks generally have not seen those nations as worthy credit risks, the bulk of the continent's estimated \$218 billion in foreign debt is to governments.

In London, Nigel Lawson, the British chancellor of the Exchequer, said: "I welcome the announcement by Secretary Baker that the United States is prepared to move towards acceptance of the initiative I launched last year to help ease the debt burden on the very poorest countries." Mr. Lawson suggested such a plan in April 1987.

Mr. Baker said that creditor governments that were able to do so could now reschedule interest rates, on a case-by-case basis.

He said other countries might contribute to debt relief by considering a broader range of maturities for rescheduled debt.

Mr. Baker's announcement drew loud applause from delegates in the conference hall, especially African representatives. International bankers and finance ministry officials are attending the meeting of the ADB, which has 50 African and 25 non-African member states.

The bank, Africa's leading development financing body, increased its capital last year to about \$20 billion.



Hydro-Québec's project at James Bay. The utility plans to add three generating stations and a dam.

Québec Utility Looks South for Growth

Canada Trade Pact Would Widen Access to U.S. Market

By John F. Burns New York Times Service

MONTREAL — Amid the Canadian dispute over the free-trade agreement with the United States, some enthusiastic endorsements have come from Québec, where one of the proponents with the most to gain is Hydro-Québec, the province-owned electric utility.

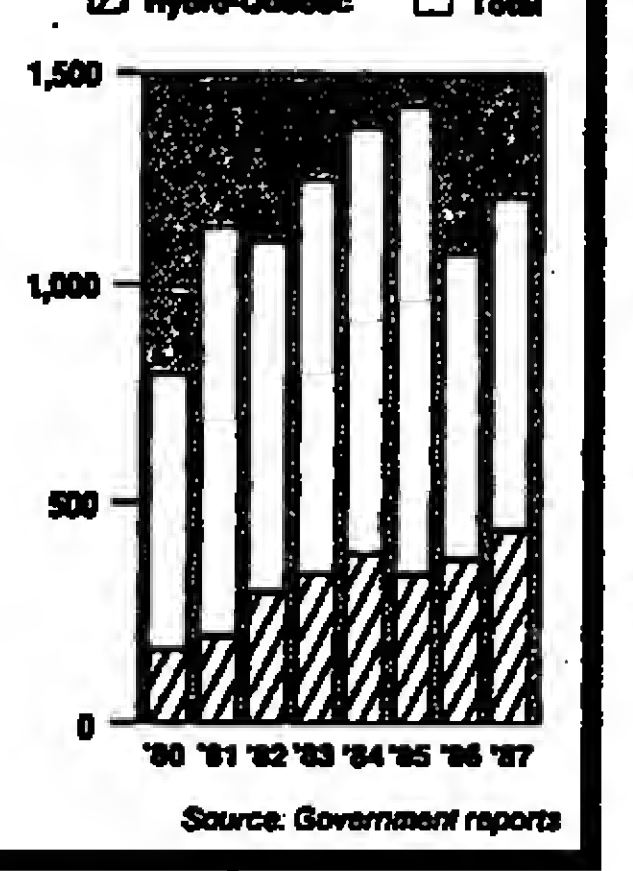
The province, Canada's second biggest in economic clout after Ontario, is emerging with confidence from an inward-looking decade under a separatist government that was voted out of office in 1985, and Hydro-Québec has staked ambitious expansion plans on huge sales to New York and New England.

For the utility, the attraction in the free-trade accord lies in energy provisions that will require Canada to set aside some of the controls it has exercised over electricity exports. These controls were used as recently as last year to temporarily block a major Hydro-Québec sale to New England on the grounds that the power had not first been offered to Canadian provinces.

In addition, U.S. restrictions on Canadian electricity imports will be curbed under the pact, an important gain for Canadian utilities. These utilities, which have increased their penetration of the

Canadian Electricity in U.S.

Total exports of electricity to the U.S. and sales of electricity to New England and New York by Hydro-Québec, in millions of Canadian dollars.



American market, have met resistance from the U.S. coal lobby and its allies in Congress.

Jacques Guèvremont, a 56-year-old Hydro-Québec executive, has

been the utility's main representative in many of its most important export negotiations, including deals valued at more than 40 billion Canadian dollars (\$32.32 billion at current exchange rates), that have been reached with Maine, Vermont and New York in the last 15 months.

For Mr. Guèvremont, the accord represents a hurdle cleared on the way to a future in which exports will form a key component of Hydro-Québec's financial strategy.

The province has a population of only 6.5 million, and the utility needs growing markets if it is to develop fully the hydroelectric potential of the great rivers of northern Québec.

On the other hand, according to U.S. studies, the United States faces the possibility of power shortages toward the end of the century as political and regulatory roadblocks hold up construction of generating plants.

Mr. Guèvremont, the Hydro-Québec vice president in charge of external markets, argued that the recent export deals, including a huge 20-year, 130 billion-kilowatt-hour arrangement with the New York Power Authority that will take effect in 1995, were an ideal match of the Québec utility's needs

See HYDRO, Page 13

U.S. Indicators Rose a Moderate 0.2% in April

WASHINGTON — The chief gauge for forecasting U.S. economic activity rose a moderate 0.2 percent in April, the government said Wednesday, signaling steady growth with no evident danger of a recession this year.

It was the third straight gain in the Index of Leading Indicators. The gauge rose by a revised 0.2 percent in March, less than the originally reported 0.8 percent, and by 1.5 percent in February.

In other positive economic news, the Commerce Department said that when gross national product grew by 1.2 percent in April following a 1.6 percent March increase. The advance included a big jump in military communications equipment orders as well as increases in paper product, petroleum and chemical orders.

Economists said the figures pointed to continued growth throughout this year, though at a slower pace than in January through March, when the U.S. economy expanded at an annual rate of 3.9 percent.

Many are predicting 3.5 percent growth for 1988 as manufacturers continue to benefit from a boom in export sales. That would be the fastest pace of expansion since 1984, also a presidential election year, and the utility needs growing markets if it is to develop fully the hydroelectric potential of the great rivers of northern Québec.

But the data released Wednesday will do little to alleviate fears that strong demand, particularly for exports, could trigger a resurgence of inflation.

The biggest source of strength in the rise of the Index of Leading Indicators was a longer average work week. Other indicators that contributed positively were growth in the Soviet ministry, a drop in weekly unemployment claims, a rise in raw materials prices, which is seen as a positive sign for future economic growth; and an increase in plant and equipment orders.

In its report on factory orders, the Commerce Department said that orders for durable and nondurable goods rose to a seasonally adjusted \$218.7 billion in April. The 1.2 percent advance followed a 1.6 percent increase in March.

Orders for durable goods, items expected to last three years or more, rose 1 percent to \$116.4 billion after a 0.8 percent gain in March. Orders for nondurable goods climbed 1.5 percent to \$102.2 billion following a 2.5 percent rise a month earlier.

Excluding the volatile category of military goods, orders were up 1.2 percent in April, the third consecutive increase and the sixth rise in seven months.

The key category of nonmilitary capital goods, considered a barometer of business expansion plans, rose 1.9 percent in April to \$33.1 billion, following a drop of 3.8 percent in March.

The department also reported that construction spending edged up 0.1 percent in April as rising factory investment was offset somewhat by lower public spending.

The small April advance, to a seasonally adjusted annual rate of \$401.8 billion, was the poorest showing since a 2.3 percent fall in January, the Commerce Department said. It followed a 1.3 percent jump in March, previously reported as a 1.5 percent gain, and a 0.4 percent February increase.

(Reuters, AP)

Currency Rates

Table with columns for Currency, Per \$, and Date. Lists various international currencies and their exchange rates against the US dollar as of June 1, 1988.

Interest Rates

Table with columns for Currency, Rate, and Date. Lists interest rates for various currencies and financial instruments as of June 1, 1988.

Gold

Table with columns for Location, Price, and Date. Lists gold prices in various locations as of June 1, 1988.

U.S. Firms to Build \$20 Billion in Soviet Petrochemical Units

MOSCOW — Two U.S. companies signed an agreement in principle with the Soviet Union on Wednesday to build two large petrochemical complexes in western Siberia at a cost of more than \$20 billion.

Combustion Engineering Inc., which will enter the project with McDermott International Inc. said at a news conference that the agreement has been approved by Prime Minister Nikolai I. Ryzhkov as a part of an effort by the Soviet leader, Mikhail S. Gorbachev, to improve the supply of consumer goods.

The petrochemical complexes in Tomsk and Surgut will use the

rich reserves of natural gas in Siberia to produce plastic and rubber used in consumer goods such as synthetic materials, clothes, tires and condoms.

"We believe this is the biggest joint U.S.-Soviet venture undertaken since the Soviets allowed joint ventures with Western companies," said Charles E. Hugel, president and chief executive officer of Combustion Engineering.

"The Soviets rushed it through,

because it is crucial to their reforms to improve supplies of consumer goods," he said.

In a separate development, the chairman of Occidental Petroleum Corp. Armand Hammer, said he had signed an agreement to develop a major new plastics complex in western Siberia. He said the venture carried a \$6 billion price tag.

Plastics produced by the Siberian facility would be of a type not previously manufactured in the Soviet Union, Mr. Hammer said.

However, a potentially mammoth joint venture that has been announced between Occidental and the government of China has yet to materialize after years of

interim negotiations. This venture was estimated at \$600 million by Mr. Hammer.

Under the Combustion-McDermott agreement for Tomsk and Surgut, the Soviet Ministry of Oil Refining and Petrochemical Industries will own at least 51 percent of the venture.

Financing for the project, estimated at between \$20 and \$30 billion, will be provided by a Western consortium including Mitsubishi Corp. and Mitsui & Co. of Japan.

"This is good for the Soviets," said Max Agari, vice president of Combustion Engineering, "because they could not have built the complexes so cheaply, and it'll help

See MARK, Page 15

Pound Falls Sharply as Mark Gains

By Ferdinand Protzman International Herald Tribune

FRANKFURT — The pound fell sharply against the Deutsche mark Wednesday and ended lower against other major currencies as investors abandoned the British currency, ending its six-week advance with an avalanche of profit-taking.

At the same time, the dollar's recent rally stalled on comments by West German and Japanese central bankers indicating they view the

U.S. currency's recent gains as temporary.

The pound closed at 3.1510 DM in London, down from 3.1778 on Tuesday. The pound had been as low as 3.145 DM earlier in Frankfurt.

The dollar meanwhile, ended mixed in London, falling to 1.7275 DM from 1.7285 Tuesday but gaining ground against the pound, which fell to \$1.8240 from \$1.8385.

It closed narrowly mixed later in New York, falling to 1.7303 DM from 1.7325 on Tuesday, and to

1.4435 Swiss francs from 1.4460. But it rose to 125.375 yen from 125.200 on Tuesday and to 5.8425 French francs from 5.8300.

The pound fell to \$1.8130 from \$1.8353 in New York. Currency dealers said a decline in British interest rates and the pound's failure to breach a key resistance point of 3.20 DM triggered its decline.

"One of the factors prompting people to buy the pound in the first

investors world

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Viruses Some AIDS

Researchers have found that AIDS virus is spread by contact with infected blood and other body fluids. The virus is not spread by air, water, or food.

Breast

Doctors are warning that breast cancer is on the rise among young women. Early detection through mammograms is crucial for a better prognosis.

RIEF

Secretary is...

Field is found

Study

Field is found

Study

Field is found

Study

Field is found

Study

Vol.	High	Low	Last	Chg.
IBM	117.00	116.00	116.00	+0.25
AT&T	27.00	26.75	26.75	+0.10
Amgen	25.00	24.50	24.50	+0.10
Amgen	25.00	24.50	24.50	+0.10
Amgen	25.00	24.50	24.50	+0.10

NYSE 4 p.m. volume	NYSE prev. close
234,560,000	271,545,000
Amex 4 p.m. volume	11,500,000
Amex prev. close	11,500,000

High	Low	Close	Chg.
266.69	266.00	266.69	+0.25
Composite	126.34	126.34	+0.21
Industrials	187.21	187.21	+0.24
Utilities	72.02	72.02	+0.05
Finance	126.84	126.84	+0.19

Wednesdays
NYSE
Closing
Via The Associated Press

Class	Prev.
Advanced	419
Declined	194
Unchanged	199
Total Issues	812
New High	1
New Low	9

Class	Chg.	Prev.	Year
Composite	74.81	74.81	257.3
Industrials	74.81	74.81	257.3
Finance	74.81	74.81	257.3
Utilities	74.81	74.81	257.3
Insurance	74.81	74.81	257.3
Transport	74.81	74.81	257.3

Vol.	High	Low	Last	Chg.
Amtech	47.00	46.00	46.00	+0.25
Amtech	47.00	46.00	46.00	+0.25
Amtech	47.00	46.00	46.00	+0.25

Class	Chg.
Bonds	17.66
Utilities	+0.50
Industrials	+0.31

Class	Prev.
Advanced	1291
Declined	1211
Unchanged	1181
Total Issues	3683
New High	4
New Low	11

Buy	Sales	Net
May 31	194,021	87,855
May 27	161,441	17,529
May 26	147,819	47,627
May 25	189,956	44,417
May 24	148,523	13,628
May 23	146,752	31,222
May 22	146,752	97,383

Open	High	Low	Close	Chg.
Indus	262.69	262.69	266.69	+3.99
Transp	49.81	49.81	49.81	+0.04
Util	71.50	71.50	72.02	+0.52
Comp	75.82	75.82	76.34	+0.52

High	Low	Close	Chg.
Industrials	262.69	262.69	+3.99
Utilities	71.50	71.50	+0.52
Finance	126.84	126.84	+0.19
Insurance	262.69	262.69	+3.99
Transport	262.69	262.69	+3.99
SP 100	262.69	262.69	+3.99

Class	Prev.
Advanced	1292
Declined	1212
Unchanged	1182
Total Issues	3684
New High	5
New Low	12

High	Low	Close	Chg.
266.69	266.00	266.69	+0.25

Tables include the nationwide prices as to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
12.00	11.00	AAR	0.20	4.0	15.0	12.00	11.00	11.50	+0.50
15.00	14.00	AAI	0.10	3.0	10.0	15.00	14.00	14.50	+0.50
18.00	17.00	AAJ	0.15	3.5	12.0	18.00	17.00	17.50	+0.50
20.00	19.00	AAK	0.20	4.0	14.0	20.00	19.00	19.50	+0.50
22.00	21.00	AAI	0.25	4.5	16.0	22.00	21.00	21.50	+0.50

NYSE Jumps in Heavy Trading

NEW YORK—Prices posted sharp gains on Wednesday in heavy trading on the New York Stock Exchange as the market advanced for the second straight session in a change of sentiment that has pulled cautious investors back into the action.

The Dow Jones industrial average, which soared 74.68 points Tuesday, rose 32.89 to close at 2,064.01.

Advancing issues outpaced decliners by nearly a 4-1 ratio. Volume totaled 234.56 million shares, slightly lower than the 247.61 traded on Tuesday.

"This was a very powerful follow through to Tuesday's dramatic reversal," said Chester Pado, director of technical research at Jefferies & Co. in Los Angeles. "The lows of last week appear to have marked the end of the decline."

Mr. Pado said the modest profit-taking came in the closing minutes, which cut about eight points from the Dow, did nothing to diminish the quality of the session.

"We had two days in a row with over 1,200 advancing issues," Mr. Pado said. "This is something you normally see in a bull market. And while we are not in a bull market, there is now the potential to run back up to 2,300 or even 2,400 sometime this summer."

Broad-market indexes also posted strong advances. The New York Stock Exchange composite index rose 2.91 to 150.34. Standard & Poor's 500-stock index added another 4.53 to 266.69. The price of an average share gained 49 cents.

Mr. Pado said no specific development could be cited for the continued strength of the market and that this must be viewed as a positive sign.

"When you get this kind of strength without a specific bit of news," Mr. Pado said, "it is an indication of a very powerful market."

Eugene Peroni Jr., chief technical analyst at Janney Montgomery Scott Inc. in Philadelphia, characterized the activity as "very formidable. We are constructing a good solid base to rally further."

Mr. Peroni said the previous session's explosive action was "out of the blue" but he had been expecting a move toward the upper end of the recent trading range, which he pegged at 2,070.

Mr. Peroni said market sentiment had changed for the better "due to a perception that the interest-rate outlook is improving and may have reached a short-term peak with moderating rates over the next few months."

"The Fed is remaining extremely sensitive to the financial markets and is trying to construct a policy somewhere in the mid-stream," Mr. Peroni said. "It is trying to take into account the economy and the psychological impact" of its policies "on the markets."


As for the near-term, Mr. Peroni said the market is likely to test the 2,070 level.

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
12.00	11.00	AAR	0.20	4.0	15.0	12.00	11.00	11.50	+0.50
15.00	14.00	AAI	0.10	3.0	10.0	15.00	14.00	14.50	+0.50
18.00	17.00	AAJ	0.15	3.5	12.0	18.00	17.00	17.50	+0.50
20.00	19.00	AAK	0.20	4.0	14.0	20.00	19.00	19.50	+0.50
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20.00	19.00	AAK	0.20	4.0	14.0	20.00	19.00	19.50	+0.50
22.00	21.00	AAI	0.25	4.5	16.0	22.00	21.00	21.50	+0.50

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12.00	11.00	AAR	0.20	4.0	15.0	12.00	11.00	11.50	+0.50
15.00	14.00	AAI	0.10	3.0	10.0	15.00	14.00	14.50	+0.50
18.00	17.00	AAJ	0.15	3.5	12.0	18.00	17.00	17.50	+0.50
20.00	19.00	AAK	0.20	4.0	14.0	20.00	19.00	19.50	+0.50
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15.00	14.00	AAI	0.10	3.0	10.0	15.00	14.00	14.50	+0.50
18.00	17.00	AAJ	0.15	3.5	12.0	18.00	17.00	17.50	+0.50
20.00	19.00	AAK	0.20	4.0	14.0	20.00	19.00	19.50	+0.50
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15.00	14.00	AAI	0.10	3.0	10.0	15.00	14.00	14.50	+0.50
18.00	17.00	AAJ	0.15	3.5	12.0	18.00	17.00	17.50	+0.50
20.00	19.00	AAK	0.20	4.0	14.0	20.00	19.00	19.50	+0.50
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15.00	14.00	AAI	0.10	3.0	10.0	15.00	14.00	14.50	+0.50
18.00	17.00								

BUSINESS ROUNDUP

Brazil Reports Oil Find by Texaco

Compiled by Our Staff From Dispatches RIO DE JANEIRO — The state-run oil company Petrobras said Wednesday that Texaco Inc. had found indications of a major oil field at the mouth of the Amazon. But it cautioned that comparisons with North Sea reserves were premature.

Texaco discovered traces of oil in a deep well drilled under a risk-exploration contract on Marajo Island, Petrobras said. "The region is extremely promising and its geological structure is similar in size and type to the North Sea basin, but further wells and tests are needed to say how much oil is there," the announcement said.

In disclosing the discovery late Tuesday, however, Brazil's president, José Sarney, said that the pool could be as large as the North Sea reserves. "We are certain we have found a region as rich in oil as Britain and Norway's North Sea," Mr. Sarney said. He gave no figures.

Aureliano Chaves, Brazil's minister of mines and energy, said the tests for oil were positive, but did not yet yield proof of such a major deposit. Luis Reis, who oversees exploration contracts for Petrobras, said there were indications that such a field existed but that verification would take at least a month of testing.

Brazil recently discovered a small petroleum field in the central Amazon jungle, but most of the nation's 600,000-barrel daily production comes from offshore wells near Rio de Janeiro.

If the Marajo field were confirmed to be comparable to North Sea reserves, it should make the Latin American nation self-sufficient — and even an exporter — in petroleum. Brazil currently consumes about 1.2 million barrels daily.

Texaco found traces of oil at 17,810 feet (5,412 meters) in its first well after spending \$20 million prospecting.

According to Petrobras, the well will be extended and tested and more wells will be sunk in Texaco's area, which runs through Marajo Island onto the mainland. Petrobras has exploration contracts with 43 foreign and Brazilian firms. The only other successful foreign company in Brazil, which found natural gas off the coast near São Paulo.

Risk contracts normally provide for the drilling company to receive full compensation for its investments if oil or gas is found in commercial quantities. The oil or gas is then sold to Petrobras at market prices and in hard currency.

The O Globo newspaper said Petrobras recently tried to renegotiate the Texaco risk contract after computers showed the probability of a large field at Marajo.

Davidson report, but that no firm decisions would be made then.

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Siemens and Advanced Micro To Team on Semiconductors

MUNICH — Siemens AG and Advanced Micro Devices Inc. said Wednesday they would work together on a family of semiconductors for use in the transmission of data and video over telephone lines.

The West German electronics and electrical giant and the California-based maker of integrated circuits said they would cooperate in developing and selling integrated circuits for telecommunications.

A major focus will be a common chip family for the integrated services digital network, known as ISDN, which allows transmission of a broad range of data.

The two companies distribute each other's chips under an existing accord. Siemens has a 12 percent stake in Advanced Micro.

Siemens will deliver the majority of the 15 ISDN integrated circuits now available, the companies said, but Advanced Micro will contribute

integrated circuits for data communications and networks.

Günter Katholing, head of field distribution for Siemens, said he expected the world market for pure ISDN chips to grow to \$600 million by 1992.

Ricard Buys Yoo-Hoo, Chocolate Drink Maker

PARIS — Pernod Ricard SA, the French beverages group, said Wednesday that it had acquired the privately-owned American company Yoo-Hoo Industries, which makes chocolate drinks. No price was disclosed.

Pernod is buying Yoo-Hoo through its U.S. unit, American Nicholas, which controls Boulevard Distillers, maker of Wild Turkey bourbon, and Orangina International.

(Reuters, AFP)

Takeover Fever and Health Care Bill Help U.S. Drug Stocks Recover

NEW YORK — After months of decline, pharmaceutical stocks are rallying on a wave of takeover speculation and renewed confidence that increased government control of drug prices will not greatly harm companies developing innovative medicines, analysts say.

"Drug stocks have been strong because the doomsayers who were arguing that the Medicare catastrophic bill was going to be a major negative for the industry are being proved wrong," said Ron Nordmann, an analyst with PaineWebber Group Inc.

The bill would mandate that beginning in 1991, Medicare would pay half of the cost of prescription drugs after the recipient pays \$600. Medicare is the U.S. program of medical insurance for the elderly.

The bill, designed to protect the 33 million Medicare recipients from the expense of catastrophic illness, cleared a logjam last week after House-Senate negotiators reached an agreement on it.

Investors began flocking to the pharmaceutical sector soon afterward because the bill omits two provisions that would have left the government paying only for the least expensive drugs.

Mr. Nordmann said he favors companies with heavy investment in research, such as Merck & Co., Upjohn Co., Squibb Corp. and Syntex Corp. He projected a 15 percent growth rate in earnings per share for the 11 largest drug companies over the next five years.

Drug stocks also have been rising because of rumors that Du Pont Co. would bid for Upjohn. Du Pont declined to comment, and Upjohn said it was not aware of any interest by Du Pont.

Other rumored takeover targets whose stocks rose include Rorer Group Inc.

spending. Machinery orders, a leading indicator of capital spending, fell 8.6 percent in March from levels of a year earlier.

"The question is whether this is just a pause or if we've passed the peak in orders and are in the downturn," said Peter Morgan, an economist at Barclays de Zoete Wedd.

Prospects that the yen's rise will slow also could dampen profit growth, some economists said. The stronger yen has reduced the cost to Japanese industry of a number of raw materials.

"In the past fiscal year we started realizing the real merit of the yen's rise," said Keiichi Honda, a senior economist with the Bank of Tokyo.

Nikkei's survey of official company forecasts for 1988-89 indicated that current profits for all sectors are expected to rise 3.5 percent.

Current profit, similar to pretax profit, includes nonoperating revenues and expenses such as interest payments on bank loans or interest earned on securities.

Profit at nonmanufacturing companies excluding banks fell 2 percent on the average, but economists attributed that largely to rate cuts at utilities and the sector's strong performance in 1986-87.

Current profits of 935 listed companies from all sectors that began reporting last Friday rose an average 19.4 percent in the year ended March 31, the Nikkei survey showed.

"It vindicated Japan's success at restructuring. They managed to get exports down while getting manufacturing profits up," said Bruce Johnson, director of research at Baring Securities.

But such high rates of profit growth will be hard to duplicate, economists and analysts say.

Growth in the housing sector, a major engine of recent economic power, has slowed markedly, and public works spending is also expected to level off this year.

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Japanese Profit Gains Seem to Peak

Analysts Say Companies Are Unlikely to Top 1987-88

TOKYO — The spectacular results reported by Japanese companies for 1987-88 illustrate the economy's ability to weather the yen's sharp rise, but the gains will be difficult to match in the current fiscal year, analysts say.

"You have to be stunned at how fast the manufacturing sector came back" in the year ended March 31, said Ron Napier, an economist with Salomon Brothers. "Steels showed a tremendous turnaround despite declining sales, electronics had tremendous profits despite a still rising yen, and financials, as expected, did well."

Williams Sterling, an economist with Merrill Lynch Japan Inc., commented: "This year will be a pretty tough act to follow."

Current profits at 537 manufacturing companies jumped an impressive 57.4 percent in 1987-88, according to a survey by the economic daily Nihon Keizai Shimbun. The banking sector's earnings rose a healthy 20.3 percent.

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Hong Kong Exchange Will Be Urged to Give Foreigners a Say

HONG KONG — A long-awaited report on Hong Kong's stock exchange will urge that foreign institutions be included on the management committee, market sources said Wednesday.

The report was prepared by a team headed by Ian Hay Davidson, former chairman of Lloyd's of London, and is scheduled for release on Thursday. It was commissioned by the colony's government after the exchange was closed for four days during the market collapse in October.

The report also covers Hong Kong's futures exchange and related official bodies.

A spokesman for the stock exchange said a general meeting would be held June 9 to discuss the

report "can also streamline the duplication of responsibilities between the bourse and the Securities Commissioner's Office."

The market sources said that although the report will not be legally binding, it is likely to recommend legislation to reform the stock exchange, which has been dominated by local Chinese brokers.

Many foreign brokers have complained that the exchange has concentrated on the interests of Hong Kong companies, most of them with far smaller capital than the overseas companies.

Ronald Li, then the exchange's chairman, made a disputed decision to close it Oct. 20-23 after the plunge in stock prices in New York and other world markets.

The move triggered major problems for the futures market, resulting in defaults by dealers on Hong Kong index futures contracts worth more than 1.8 billion Hong Kong dollars (\$230 million).

The government arranged 4 billion dollars in emergency loans to bail out the futures market.

Mr. Li stepped down as stock exchange chairman. In January, he was arrested by Hong Kong's anti-corruption commission and charged with taking a bribe.

The authorities restuffed the management of the exchange and ordered seven board members to "distance themselves" from its daily operations.

The sources said the Davidson report would support the continued existence of the futures exchange, despite calls for its closure after the defaults.

Other sources said the report would call for enlarged representation on the stock exchange's management committee, to include foreign institutions and independent professionals.

Francis Yuen, managing director of the brokerage Scraggs & Vickers, said he hoped the report would help establish a "more professionally managed stock market with clear distinction between the roles of supervision and operation."

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American International Group, Inc. Announces the launch, through a European subsidiary of AMERICAN LIFE Gibraltar and EURINVEST FINANCE (GIBRALTAR) LTD

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 1st June 1988. Table listing various international funds with their respective values and performance metrics.

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BUSINESS ROUNDUP

Koppers Agrees to Beazer Merger

Compiled by Our Staff From Dispatches

PITTSBURGH — Koppers Co., ending its three-month struggle against a takeover by Beazer PLC, accepted a sweetened merger bid Wednesday of about \$1.7 billion from the British building products company.

BNS Inc., a unit of Beazer, will pay \$61 per share of common stock to Koppers and \$107.75 per share of preferred stock. The previous bid amounted to \$60 a share.

The tender offer was unanimously approved by the board of Koppers, a construction materials and chemicals company.

Stock in Koppers jumped \$1.25 to close at \$60.25 a share on the New York Stock Exchange. Its preferred shares advanced \$6 to \$99.

The new offer is "a good value for Koppers shareholders," said Christopher H. Willis, an analyst with Brown Brothers Harriman in New York. Trading in the company's shares had accelerated Tuesday on rumors of a new bid of \$61 a share.

Beazer began the takeover battle in March with a \$45 bid. Koppers rejected the offer, which Beazer then sweetened to \$56 and later to \$60.

After the accord was reached Wednesday, Koppers said Beazer would extend its tender until June 15. Shareholders already have tendered more than 78 percent of the common shares to BNS.

Koppers lost a significant legal battle Friday when the U.S. Court of Appeals for the 9th Circuit in San Francisco effectively removed a lower court injunction against Beazer's takeover attempt.

The Court of Appeals entered an order that would allow BNS, in which Shearson Lehman Hutton Inc. and County Natwest Ltd. also are shareholders, to proceed with the offer if it appointed a trustee to assume temporary control of Sully-Miller Contracting Co. Sully-Miller manages a unit owned by Koppers.

The court ruling was the second significant defeat for Koppers this month. Earlier, in a case in Pittsburgh, a federal judge ruled that Beazer's bid could be completed if financing were guaranteed.

Beazer has said it would sell Koppers's chemical unit. The U.S. company had argued that this would mean that 1,000 employees in the Pittsburgh area would lose their jobs.

The bid was also opposed by the Pennsylvania cities of Pittsburgh and Allegheny, which feared that a merger would result in a loss of jobs.

After the court ruling Friday, Koppers officials flew from Pittsburgh to New York to talk with Brian Beazer, the chairman and chief executive of the British company, and other officials.

The weekend meetings "involved a lot of haggling," according to one official. But Koppers officials decided that the terms of the Beazer deal were "the best economic alternative that we could find at this time," said an official who asked not to be identified.

Analysts said the market had sensed Tuesday that an agreement was in the making. They added that the discussions with Beazer, which Koppers officials had initially ruled out, were a reflection of the pressure from shareholders who had already tendered their stock.

Koppers owns vast reserves of stone, sand and gravel situated near the key construction markets of New York state and California. (Reuters, NYT, AP)

ATA GLANCE KOPPERS

Table with financial data for Koppers, including revenues, net income, and earnings per share for 1987 and 1988.

Iacocca Explored GM Bid

New York Times Service

DETROIT — Executives of Chrysler Corp. and Allied-Signal Inc. considered a \$40 billion hostile takeover of General Motors Corp. last year, says Lee A. Iacocca, Chrysler's chairman. But Mr. Iacocca eventually concluded that it "might be easier to buy Greece."

The discussions, which he disclosed in a new book, "Talking Straight," came while GM was reeling from a loss of market share and the turmoil surrounding H. Ross Perot's ouster from the board.

Mr. Iacocca said the idea of a bid for GM was raised last spring by Victor Potamkin, who owns GM dealerships as well as Chrysler and Dodge franchises. Mr. Iacocca wrote that he dismissed the idea, but reconsidered after Edward L. Hennessy Jr., Allied-Signal's chairman, suggested that they try to acquire GM jointly and split it in two.

Mr. Iacocca said he was skeptical — after all, GM's annual sales top \$100 billion, while Chrysler's are \$25 billion and Allied-Signal's \$11 billion. "But Hennessy started running figures by me, saying that if he could take over all the parts-supply companies and I could take the five auto divisions, the finance companies, and the dealers, we'd need only \$40 billion," Mr. Iacocca says in his book.

Toyota Mulls Shifting Truck Output to U.S.

By Sam Jameson Los Angeles Times Service

TOKYO — As a result of the yen's rise, Toyota Motor Co. is on the verge of deciding to build a truck factory in the United States and halt truck exports to the U.S. market, an executive has indicated.

The move would result in one of the largest single shifts of production out of Japan to date.

Tsutomu Oshima, executive vice president of Toyota, said Tuesday in an interview that a study had "progressed to a rather considerable extent" and that a decision is expected before long. If such a plant is built, he said, it would result "in the halt of all truck exports" from Japan to the United States.

He refused to disclose the export value of Toyota trucks. But he said that Toyota exported 280,000 pickups to the United States last year, with an average weighted retail value of \$9,000 each.

If an arbitrary figure of \$7,500 is used for each truck's export value before the addition of tariffs or dealer profits, the transfer of production of 280,000 trucks would cut \$1.05 billion from Japan's merchandise-trade surplus with the United States. Last year, that surplus reached a record \$59.8 billion.

Mr. Oshima said that about half the value of production at the new plant initially would be made of local parts with the other half consisting of Japanese imports.

He said that Toyota was considering setting up a plant in Fremont, California, where the company operates a 50-50 joint venture producing cars with General Motors Corp. in Georgetown, Kentucky, where it just opened an independent auto plant or at a new site.

Japan developed the small pickup market in the United States before the yen started appreciating at value. Mr. Oshima noted that then, "even with a 25 percent tariff, we could sell our trucks at competitive prices."

But the yen's rise has forced Toyota to raise retail prices on trucks by an average of 20 percent since 1985, he said, and the prices "have become a burden on the user."

Speculation on Possible Bid Buys Stock in Moët-Vuitton

Reuters

PARIS — Shares in LVMH Moët Hennessy Louis Vuitton surged Wednesday on market speculation that Grand Metropolitan PLC or another company might be considering a bid for the French luxury goods conglomerate.

The British hotel and beverage group refused to comment on the rumors, which boosted LVMH's shares to a high of 2,523 francs (\$433) on the Paris Bourse.

The stock settled later at 2,465, trimming the gain to 105 francs for the day. The company's shares had risen 160 francs Tuesday.

LVMH, the sixth-largest listed company in capitalization on the Paris Bourse, was formed last year through a merger of Louis Vuitton SA,

the prestige leather goods manufacturer, and Moët-Hennessy SA, a maker of fine cognacs and champagnes.

The group also owns Givenchy and Christian Dior perfumes and Louis Vuitton leather and travel accessories.

The chairman of Grand Met, Allen Sheppard, said last week in Paris that the British drinks group had no immediate takeover targets in France.

LVMH has 10.4 million shares outstanding. At Wednesday's closing price of 2,465 francs, the company is capitalized at 25.63 billion francs. About 55 percent of the share capital is owned by the Hennessy and Vuitton families.

Some analysts said that members of one of the two families might have bought shares recently to increase their stake.

A spokeswoman for LVMH said the company had no information on any bid interest. She said the share price had been buoyed by strong results. LVMH posted a profit of 1.34 billion francs last year, a 26 percent rise from the two companies' combined profits in 1986.

"LVMH certainly is attractive to investors, at least for two reasons. The company is doing well, and shares in Paris have been generally undervalued," she said.

Group sales rose 31 percent in the first three months of this year to 3.39 billion francs. Revenue last year amounted to 13.25 billion francs, a 18.6 percent rise from 1986.

HYDRO: Canadian Utility Champions Free Trade Pact in Bid for Increased Access to Northeast U.S. Market

(Continued from first finance page)

turned to office only after the project, the largest civil engineering feat Canada has ever had, was completed in 1985.

Mr. Bourassa has said he hopes to ensure that there is no resumption in the drive for an independent Québec, like the one mounted between 1976 and 1985 by the Parti Québécois, which has slumped in recent opinion polls.

To achieve this, the Harvard University-trained economist seeks to maintain the province's economic boom, which has pushed unemployment to its lowest rate in two decades. The resumption of construction on James Bay is so crucial to his plan that Mr. Bourassa, 54, called his March announcement the "greatest day" of his political life.

Mr. Guevremont said he thinks the advantages of imported hydroelectric power will become increasingly evident to American utilities. Hydro-Québec has long argued that its electricity, 97 percent of it generated by water-driven turbines, poses few environmental problems. Most of those are associated with building transmission lines.

The Canadian utility has none of the safety problems associated with nuclear power.

As environmentalists have increasingly demonstrated their ability to block or delay new power-generating facilities, observers have questioned whether U.S. utilities will be able to build the 100 to 300 plants that the Department of Energy has estimated will be needed by the end of the century if American consumption continues to grow, as projected, at 2 to 3 percent a year.

In the face of that apparent disparity, Mr. Guevremont, who shuttles frequently between Montreal and meetings in Boston and New York, addressed some issues raised by Hydro-Québec's critics.

These critics charge that the United States may be endangering its national security by becoming too dependent on Canadian electricity. They also point to the costs per kilowatt-hour anticipated by some of Hydro-Québec's latest contracts, which is three to four times as expensive as some of the power being generated in domestic U.S. plants. And they question the reliability of Hydro-Québec's transmission system, which failed spectacularly on April 18, with a blackout plunging Québec into darkness for several hours.

The concern that a future Canadian government could intervene to cut off the power has been blunted by a shift by Hydro-Québec and other Canadian utilities away from the "economy" or "intermittible" supplies that comprise the bulk of Canadian exports. These are hour-to-hour arrangements under which Canadian power can be fed to the United States at about 80 percent of what it would cost American utilities to generate the electricity.

Replacing these arrangements are long-term contracts for "firm power." Under these deals, Hydro-Québec supplies power on a continuous basis or for specific months each year.

In addition, a provision in the free-trade deal would compel Canada to cut supplies to the United States by the same proportion that domestic supplies would be reduced during energy shortages.

In any case, Mr. Guevremont said, the most optimistic forecasts of Hydro-Québec's market potential would still make it a marginal player in terms of overall energy needs in the Northeastern states.

The utility's current supplies to New York account for about 7.8 percent of the state's electricity consumption. Under the January deal with the New York Power Authority, valued at 17 billion Canadian

dollars, this level would rise to about 10 percent in 1995.

Studies by Canada's National Energy Board anticipate a figure, from all Canadian suppliers, of 15 to 20 percent in the Northeast after the turn of the century.

Hydro-Québec has a complex price formula in its latest export contracts that will result in charges of about 12 Canadian cents per kilowatt-hour — nearly three times what the utility charges its best industrial customers in Québec.

The differential caused The Toronto Star newspaper to refer in an editorial to the utility's "three-to-one price bonanza," and to note that price discrimination between Canadian and American customers will be outlawed by the free-trade agreement. But Hydro-Québec executives said such comparisons are flawed.

Reliability is a trickier question. The April 18 blackout, caused by an ice storm in Sept.-Iles, Québec, 700 miles northeast of Montreal, occurred during the evening rush hour.

Although Hydro-Québec had not had a province-wide blackout in six years, compared with a frequency of once every two years 20 years ago, the power failure caused consternation.

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MARKETS
Financial News

Wednesdays AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press.

12 Month High	Low	Stock	Div. Yld. PE	St. 100 High	Low	Close	Chg.
11 1/2	11 1/4	ABX	1.00	11 1/2	11 1/4	11 1/4	+
11 1/2	11 1/4	ABX	1.00	11 1/2	11 1/4	11 1/4	+
11 1/2	11 1/4	ABX	1.00	11 1/2	11 1/4	11 1/4	+

12 Month High	Low	Stock	Div. Yld. PE	St. 100 High	Low	Close	Chg.
11 1/2	11 1/4	ABX	1.00	11 1/2	11 1/4	11 1/4	+
11 1/2	11 1/4	ABX	1.00	11 1/2	11 1/4	11 1/4	+
11 1/2	11 1/4	ABX	1.00	11 1/2	11 1/4	11 1/4	+

12 Month High	Low	Stock	Div. Yld. PE	St. 100 High	Low	Close	Chg.
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11 1/2	11 1/4	ABX	1.00	11 1/2	11 1/4	11 1/4	+

12 Month High	Low	Stock	Div. Yld. PE	St. 100 High	Low	Close	Chg.
11 1/2	11 1/4	ABX	1.00	11 1/2	11 1/4	11 1/4	+
11 1/2	11 1/4	ABX	1.00	11 1/2	11 1/4	11 1/4	+
11 1/2	11 1/4	ABX	1.00	11 1/2	11 1/4	11 1/4	+

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11 1/2	11 1/4	ABX	1.00	11 1/2	11 1/4	11 1/4	+
11 1/2	11 1/4	ABX	1.00	11 1/2	11 1/4	11 1/4	+

12 Month High	Low	Stock	Div. Yld. PE	St. 100 High	Low	Close	Chg.
11 1/2	11 1/4	ABX	1.00	11 1/2	11 1/4	11 1/4	+
11 1/2	11 1/4	ABX	1.00	11 1/2	11 1/4	11 1/4	+
11 1/2	11 1/4	ABX	1.00	11 1/2	11 1/4	11 1/4	+

Japan's Reserves Grew Only Modestly in May

TOKYO — The increase in Japan's external reserves in May over the previous month was a comparatively small \$406 million because of reduced dollar buying by the central bank, Finance Ministry officials said Wednesday.

The rise, to \$87.24 billion, was the 30th consecutive month of growth, starting in December, 1985. The increase included income gains from investment in foreign sovereign bills and notes, as well as Bank of Japan dollar buying operations.

Reserves rose by \$1.98 billion in April over March. Reserves at the end of all three months were at a record. The dollar traded in May in its narrowest range since September 1985.

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Belgium B.Fr.	11,500	37	6,300	31	3,400	25
Denmark D.Kr.	2,700	33	1,500	25	830	17
Finland F.M.	1,830	41	1,000	35	550	29
France F.F.	1,600	37	880	31	480	25
Germany* D.M.	600	39	330	33	180	26
Gr. Britain £	135	38	74	32	41	25
Greece Dr.	25,000	47	14,000	41	7,700	35
Ireland £Ir.	155	43	85	38	47	31
Italy Lire	400,000	39	220,000	33	121,000	26
Luxembourg L.Fr.	11,500	37	6,300	31	3,400	25
Netherlands FL	660	40	365	33	200	27
Norway (air) N.Kr.	2,000	39	1,100	33	600	27
— (hd. del.) N.Kr.	2,500	24	1,400	15	700	15
Portugal Esc.	26,000	51	14,300	46	7,900	40
Spain (air) Ptas.	31,000	41	17,000	36	9,400	29
— (hd. del.) Ptas.	45,240	—	22,620	—	11,310	—
Sweden (air) S.Kr.	2,000	39	1,100	33	600	27
— (hd. del.) S.Kr.	2,500	24	1,400	15	700	15
Switzerland S.Fr.	510	44	280	38	154	32

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June 1

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CURRENCY MARKETS

MARK: Pound Falls as West German Currency Gains

(Continued from first finance page) place was the good yield from the interest-rate differentials, said Kirby Hoft, vice president of foreign exchange at Dresdner Bank.

"Six weeks ago, British interest rates were considerably higher than U.S. rates. Since then, the British rates have come steadily down, while the U.S. rates have stayed about the same."

Since the pound breached the official ceiling of 3 DM on March 7, Britain's base interest rates have been cut three times, falling to 7.5 percent from 9 percent.

"The interest-rate differential has tightened, but this was more a case of the mark strengthening than the pound weakening," said James T. McGroarty, vice president of foreign exchange at Discount Corporation of New York.

"The pound was badly overbought, and when the mark

London Dollar Rates

Table with columns: Currency, Bid, Ask, and Source: Reuters

The dollar's rise was also backed by a remark by the Bank of Japan's governor, Satoshi Sumita, that he doubted the dollar would appreciate further against the Japanese yen because of speculative selling.

But some U.S. traders said continued positive economic data could force the U.S. Federal Reserve Board to raise its discount rate to prevent the economy from overheating. Such a move would be likely to bolster the dollar.

"It looks to me like the dollar wants to stay strong all summer," said a trader on Chicago's International Monetary Market.

However, a flurry of economic indicators released Wednesday gave only marginal support to that view, dealers said.

"The figures weren't bad per se, but they just were not as strong as they had been, indicating the economy may be cooling," a dealer for a major West German bank said.

France Removes Borrowing Curb

PARIS — The French government said Wednesday that Finance Minister Pierre Bérégovoy had decided to lift all remaining restrictions on borrowing abroad by companies.

The move by the new Socialist administration is a step toward the complete lifting of foreign exchange controls imposed by a previous Socialist government to stave off a 1982 franc crisis. Until now, companies have needed authorization for all loans raised abroad that exceeded 50 million French francs (\$8.6 million).

The ministry also confirmed that it would give companies the right to hold unlimited foreign exchange and that it would abolish limits on cashing foreign currency checks.

International Borrowing Hit \$118.2 Billion in Quarter

PARIS — Borrowing on the international capital market reached a record \$118.2 billion in the first quarter, up 25 percent from a year earlier, the Organization for Economic Cooperation and Development said Wednesday.

The report, in Financial Market Trends, a quarterly publication, said the recovery from the crisis-stricken fourth quarter was "particularly remarkable in the light of the persistence of considerable tensions on the currency front and uncertainties about the future course of dollar interest rates."

The growth is entirely due to the recovery in the syndicated bank credit market, in which \$33 billion of new loans were arranged, up from a quarterly average of \$22 billion last year. Over

the past six months, the volume of syndicated credits has been rising at an annual rate of 130 billion, "by far the largest total ever recorded," and no letup is in sight.

The report notes that the credit market "has become the primary source for international long-term finance for corporate borrowers" as a result of difficulties on the Eurobond market, where first-quarter volume was \$54 billion.

A full 88 percent of the first-quarter bank lending was to borrowers in the major industrial countries. A scant \$3.1 billion was lent to non-oil producing developing countries.

The report said that "there seems to be little scope for a major increase of sovereign lending." "Concerns about transfer risks and creditworthiness considerations remain an over-

riding obstacle to the resumption of lending on a vast scale to a large number of Eastern European and developing countries," it said.

Top-rated sovereign borrowers can obtain cheaper financing elsewhere — either in the Eurobond market or through sale of short-term Euronotes or Euro-commercial paper.

The report said the relatively new short-term note and CP market "has established itself as an important channel of international intermediation." About \$31 billion was raised in the first quarter, an increase of 48 percent from the year-earlier pace. The volume of new CP programs hit \$17 billion, up \$5 billion.

This growth "owes much to the improved infrastructure of the market and its competitiveness vis-a-vis national markets," the report said.

GERMANY: A Recurring Gloom Cycle Distorts True Economic Picture

(Continued from Page 1)

Helmut Kohl's conservative coalition government, many economists cited lack of economic leadership in Bonn as one source of the current gloomy mood.

Mr. Zapf said the attitude in West Germany's business community was defensive: "Don't invest at the moment."

Over the past few years, the major trading partners repeatedly have castigated Mr. Kohl's government for adhering to a path of slow, steady growth based on tightly checked inflation. The United States, France and other West European nations have demanded stimulatory measures, claiming that more robust West German growth would ease the current trade imbalances and spur economic expansion throughout Europe.

The Kohl administration has refused to take any dramatic action such as moving up tax cuts scheduled for 1990. It cites fear of rekindling inflation and a rising budget deficit, which will exceed 40 billion Deutsche marks (\$23.5 billion) this year. In a nation where many citizens remember the hyperinflation following World War I, inflationary fears are powerful, and the federal structure of West Germany

can hamper quick governmental action.

"It seems funny to talk about a German problem when they are the only country in Western Europe with a current-account surplus," said Steven Marris, an economist with the Institute for International Economics in Washington. "Part of the problem is that from Bonn everything looks fine. Nothing seems to be too wrong. The economy is growing mildly in a classic German export expansion. Which is exactly what we don't want to see."

What Mr. Marris, the United States and West Germany's other major trading partners would like to see is faster-paced growth powered by higher domestic demand, which would theoretically bring more imports into the country, thus easing trade imbalances.

"Japan has done very well in raising domestic demand," Mr. Marris said. "Since 1980, West German domestic demand has risen only 7.5 percent, compared to 15 percent growth in the rest of Western Europe. If West Germany would only try, it could do exceedingly well."

Walter Seipp, the managing chairman of Commerzbank AG in Frankfurt, the nation's third-largest commercial bank, said

last week that the government's financial policies had become walled in. He accused the government of "obstinately resisting all the good arguments to move up the tax reforms scheduled for 1990."

The government counters such criticism with an array of economic data supporting its position. "Part of the national product, which measures a nation's total output of goods and services, is expected to expand by an inflation-adjusted 2 to 2.5 percent in 1988."

Even West Germany's five leading economic research groups, which made the GNP prediction, see clouds on the horizon. In a joint report issued in May, they predicted that the GNP would dwindle to 1.25 percent in 1989. Domestic demand, which the government expects to boost overall growth, will be badly hurt, the report said, by the Finance Ministry's plans to introduce a withholding tax in 1989, as well as raise indirect taxes and increase contributions for unemployment benefits.

The West German export performance is remarkable, given the appreciation of the mark against most major currencies, said Gert Schmidt, an economist with Industriekreditbank AG in Düsseldorf. Mr. Schmidt agrees. Unlike Mr. Mar-

ris, he sees the export boom as a healthy sign.

"How can you blame them for the export boom?" Mr. Schmidt asked. "It's not a sign of decline. They have adjusted fantastically well, and there is precedent for this. Fifteen years ago everyone counted on the European textile industry, then a few years later they said, 'My God! The Germans are making profits producing textiles.' When the Germans decide to do something they are formidable."

Mr. Schmidt sees the bright export situation preventing Mr. Kohl's administration from doing anything. "They are living off the rest of Europe, and that is what they are being criticized for," he said.

West Germany is also a target for criticism simply because it has the largest, most powerful economy in Western Europe, economists said.

"Critics always go after the No. 1, and the West German government makes this easy with its policy posture of stonewalling," Mr. Schmidt said. "But once they do start freeing the shackles on their economic potential, watch out. Their capacities are proven. In a way, the gloom is produced by a typical German virtue: stability."

Price Rally Revives Investors' Interest in Commodities

LONDON — Rising commodity prices on active world markets have encouraged some shifting of investment money out of stocks and financial instruments, and into commodities.

In the United States and Europe, managed commodity and futures funds are in demand, according to a survey of traders, while in Japan, commodity markets have seen a surge in private speculation.

"We are back to beans and bonds," said Richard Sander, senior vice president at Dresdner Bank, referring to the influence across all markets of the prices for commodities like soybeans, grains and metals.

The return of investor interest in commodities after years of neglect coincides with thin business in stock markets since last October.

Many base metals, as well as rubber, grains and oilseeds, are trading at their highest for at least four years as a result of strong demand and a range of supply problems.

On the Chicago Board of Trade, innover of soybean contracts between January and April was double the level registered in the year-

earlier period, while wheat business rose 40 percent and corn around 10 percent.

Volume in the London Metal Exchange's two biggest contracts — grade A copper and standard aluminum — has been up around 130 percent and 125 percent respectively.

On Wednesday, aluminum prices in London hit record highs for the second consecutive day. The price of metal for delivery in three months went up by \$95 (\$173) a ton to £1.515.

High commodity prices have also fueled inflation fears, leading to increased interest in precious metals, and Japanese investors are strong buyers, industry sources said.

"The market is being made in Tokyo at the moment," one Zurich bullion dealer said. "There is very good buying there as part of a general switch into metals and commodities, and some of it is spilling over into Europe."

Commodity investment business in Japan has changed direction, commodity brokerage sources in Tokyo said, as private investors take over from trade houses as the dominant sector. Activity in U.S. agricultural futures has been

boosted in recent weeks by dry weather in the Midwest that may cut yields, traders said.

Leon Rose, publisher of Maryland-based Managed Account Reports newsletter, said many of the 125 managed commodity funds in the United States had latched on to the rise in agricultural futures, and new funds were being launched by major corporations.

Britain has also seen a growth in commodity and futures funds, but fund managers said investors remained cautious, preferring to invest in funds that are weighted heavily towards government securities and contain only a marginal element of commodity investment.

As for Swiss investors, analysts said they tended to get involved in commodity markets indirectly by buying mining companies' stock.

"There has been no rush into precious metals," said Herbert Fritsch, chief economist at Zurich Cantonal Bank.

French sources said there were few signs so far of a major switch from securities to the main commodity market in Paris, white sugar, despite some firming in sugar values recently.

Wednesday's OTC Prices. NASDAQ prices as of 4 P.M. New York time. This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume.

Table with columns: High, Low, 4 P.M. Close, Net Change. Includes stocks like AMV, AEL, AST, etc.

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SPORTS

Lakers Run Over Mavericks, 119-102

By Gordon Edes
Los Angeles Times Staff Writer
INGLEWOOD, California — When last seen, the Dallas Mavericks were being dodged back home like so many little birds by the Los Angeles Lakers, who punched the trigger out of the Texans, 119-102, to take a 3-2 lead in the National Basketball Association's Western Conference playoffs.

season play, Dallas has now lost nine out of nine at the Forum. "I don't think they have any leprechauns like the Boston Garden, but they definitely have something here," Blackman said. "It's a feeling they thrive on."

NBA PLAYOFFS

Basketball Association's best-of-seven Western Conference finals. "We approached this game like the Sioux, the Cheyenne and the Apaches approached the battle of Little Big Horn," Laker Mychal Thompson said Tuesday after the game. "We came out to collect no prisoners — only scalps."

The Lakers were feeling a whole lot better when a 33-27 lead at the end of the first quarter soon ballooned to 47-31 after consecutive steals and breakaway baskets by James Worthy and Michael Cooper. Worthy slapped a pass away from Dallas center James Donaldson and went in for the jam, then Cooper picked Donaldson clean and dribbled in for the lay-up.

Worthy had 28 points to lead the Lakers, including 10 points in the third quarter, when the Lakers expanded their lead to 52-71. Kareem Abdul-Jabbar scored 21 points, including two baskets where he was first down the floor on the break.

The Mavericks, who had relied on deadly perimeter shooting and Roy Tarpley's rebounding in their two wins in Dallas, shot more blanks than baskets Tuesday. Derek Harper, who scored 35 points in Sunday's win, and backcourt mate Blackman shot a combined 5 for 17 in the first half, 12 for 22 for the game.

Mark Aguirre had 31 points to lead Dallas, but Tarpley's 18 points and 11 rebounds caused nothing like the trouble they had in Dallas. And by the fourth quarter, which had been the Mavericks' domain in the last two games, the Lakers had stifled this one safely away.

Laker Coach Pat Riley would love nothing better than the same approach in Dallas. "We want to come out with pressure," he said. "If everyone fouls out in the first period, I don't care."

"It was like a vitamin pill," said Magic Johnson, who hardly seemed to need any extra energy in a 20-assist, 15-point performance. "It lifted us up. It made us nautas. It's rather than even crazier."

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Johnson did most of his work in the second quarter, when he personally accounted for 13 Laker points in a row to inflate a 12-point lead, 49-37, into a 21-point cushion, 62-41, with 1:57 left in the half.

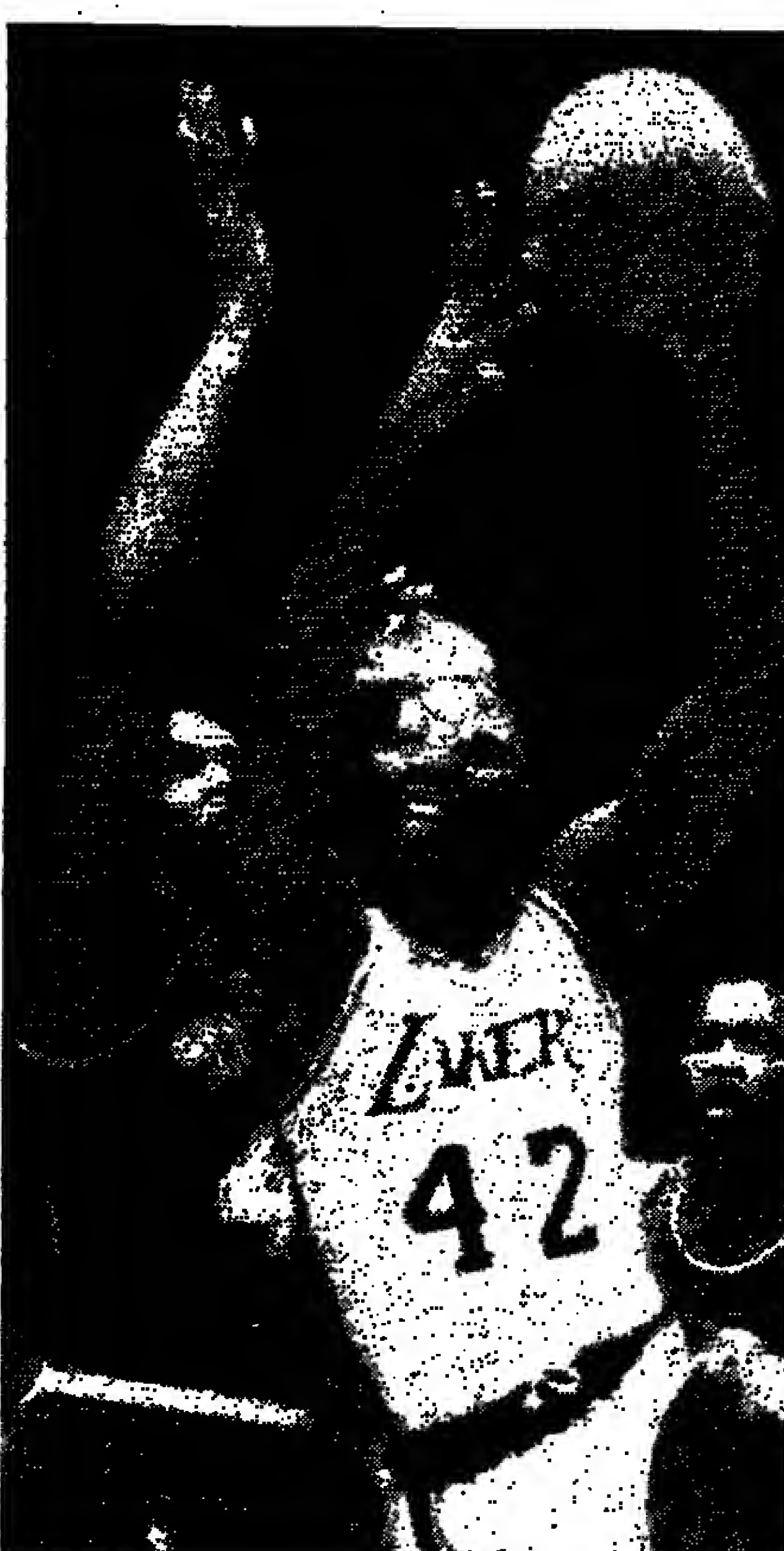
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James Worthy, high scorer with 28 points in the Laker victory over the Mavericks, going to the basket around Sam Perkins of Dallas.

Lendl Beats McEnroe in 4 Sets

Wilander In Struggle Stops Sanchez

By Robin Herman
New York Times Service



Ivan Lendl and John McEnroe on center court at the end of their fourth-round match Wednesday.

PARIS — Tennis is played not only between the lines but on the lines. And Ivan Lendl of Czechoslovakia, playing a near perfection at the French Open, used every inch of fair territory Wednesday to defeat John McEnroe of the United States 6-7 (3-7), 7-6 (7-3), 6-4, 6-4 in their fourth round match.

Mats Wilander of Sweden, the No. 3 seed, struggled in his quarterfinal match against Emilio Sanchez of Spain, which like the Lendl-McEnroe encounter, began with each player winning a tie breaker. Wilander sealed the victory in four sets, 6-7 (5-7), 7-4 (7-3), 6-3, 6-4.

In a matchup of two 18-year-olds, the American Andre Agassi powered his way over Guillermo Perez-Roldan of Argentina in a quarterfinal match, 6-2, 6-2, 6-4.

Agassi, the only remaining U.S. player in the men's singles competition, played an attacking baseline game, catching Perez-Roldan's shots early and sending them back with swift forehands and precise two-handed backhands.

At the end of the match, Agassi, a favorite with the crowd, bowed and blew a kiss to the stands. In the semifinal, he will play Wilander.

McEnroe had been exasperated and angry on Tuesday when two line calls in Lendl's favor gave the number one player the match's second tie breaker. The rain-delayed match was suspended as darkness closed in on center court at Roland Garros stadium.

When the match resumed Wednesday morning with Lendl leading 4-3 in the third set, the top seed was still finding the lines. He held serve to take that set and then, with deep, powerful strokes to the baseline, overwhelmed McEnroe in the fourth set.

"I've never seen a guy hit so many lines — and on a lot of different shots," said McEnroe afterwards. "On serve, the ball was skidding, and he was hitting approach shots that skidded off the line. He must have hit 12 that I remember in that one set and that's an unheard-of amount."

The 23-year-old McEnroe is trying to work his way up in the rankings after a six-month layoff. He had been seeded 16th here, which he found ridiculous, because of a computer ranking that weights a player's latest matches. He played very well, and his serve was tremendous, but Lendl was stronger, more consistent and placed his shots more precisely.

The crucial game of the final set proved to be the fifth when Lendl broke McEnroe's serve. He took one point on a lob that McEnroe could not handle. He took another point by lofting a lob to the baseline after McEnroe had served and volleyed twice without being able to put the point away. The final point was a perfect forehand return of service that whooshed right by the American.

Lendl served out the final game of the fourth set at love with the last shot a forehand that fitly kissed the baseline.

In a kind of ritual during the match, McEnroe would insist that a linesman inspect the mark in the red dirt left by Lendl's ball. The chair umpire would direct the linesman to look. The linesman would bend to the line, touch the white

tape and motion that Lendl's ball had been good. "You get into the groove," said Lendl later. "You hit deep, you hit some lines. You don't really aim for the lines. I don't know how to explain it. It just happens."

The crowd had been behind McEnroe all the way, and stood to cheer him when he left the court at the end — and then booed Lendl. Although argumentative, McEnroe has ceased being obscene and has been accepted as popular underdog.

"It's like wine," McEnroe observed. "The older you get, the more you appreciate you, and the French do know a lot about wine."

Wilander has won this tournament twice before and made the finals in two other years including last year when he lost to Lendl. Having won the Australian Open this year, Wilander has a chance at the Grand Slam, but he said, "To win the Grand Slam hasn't been a serious thing. To win two tournaments in a row would be nice. It's more like a dream that seems impossible."

Actually Dallas Lost Its Game Plan at the Airport

VANTAGE POINT/Scott Ostler

INGLEWOOD, California — Many questions were asked in Tuesday night's Lakers-Mavericks playoff game, and some of them were answered. Such as: Why can't teams play on the road? The Mavericks looked sensational in Dallas. Tuesday night at the Forum they looked like a slow jacksrabbit in the fast lane. What gives?

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French Catamaran Sets Atlantic Crossing Mark

PLYMOUTH, England — Serge Nadeau and his crew of five broke the record for a solo transatlantic crossing of the North Atlantic under sail, completing the voyage from White Star Line's Lizard peninsula at the southwest tip of England, in seven days, six hours and 30 minutes.

They catamaran, Jet Services V, broke the record by six hours, 20 minutes. The old mark was set last year by the trimaran of Philippe Poupon, another Frenchman.

Scoreboard

Table with columns for Basketball, Tennis, and Baseball results. Includes scores for various teams and players.

Major League Standings

Table showing league standings for American League and National League, including teams like Boston, Detroit, and Los Angeles.

Pico Debuts in Cub Shutout Against Reds

CHICAGO — Jeff Pico pitched a four-hit shutout in his major-league debut and Andre Dawson homered as the Chicago Cubs beat the slumping Cincinnati Reds 4-0. Pico, a 22-year-old right-hander brought up from Iowa of the Class AAA American Association where he had a 5-2 record to help the

Reds, who will get their manager, Pete Rose, back Wednesday after his 30-day suspension for bumping and shoving umpire Dave Pallone on April 30.

Dawson hit his 11th home run with two out in the first inning off Mario Soto.

Mets 5, Dodgers 4: In New York, rookie Kevin Elster hit a two-out home run off Alejandro Pena in the 11th inning to give New York its fifth victory in as many meetings with Los Angeles this season.

Soviet Baseballs Are Black And Pop Flies Can Ricochet

MOSCOW — In its own version of glasnost, the Johns Hopkins University baseball team on Wednesday showed a bunch of Soviet beginners some of the finer points of the American pastime.

"We're here to make friends and teach these guys how to play," John Horner, a sophomore third baseman from Baltimore, said before beginning a game, the first ever between U.S. and Soviet teams on Russian soil.

Shortstop Tim Zimmerman said he never realized how complicated baseball was until he tried to explain it.

White Sox 10, Tigers 1: In Detroit, Gary Redus hit a grand slam home run and Ivan Calderon and Ron Karkovick also homered to power Chicago over Detroit.

Baseball Roundup

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Transition

BALTIMORE — Named Lawrence Lucchino acting president. NEW YORK — Moved Dan Staught, catcher, from the 15-day to the 21-day disabled list. PHOENIX — Awarded 1988 best-of-five rights to Phoenix station KTAR and named Gary Bender and Tom Olson as broadcasters.

PHILADELPHIA — Placed Bob Demler, outfielder, on the 15-day disabled list. Recalled Keith Miller, outfielder, from Atlanta of the International League.

PHILADELPHIA — Named Paul Holman coach. ST. LOUIS — Signed Keith Osborne, right wing, Glen Featherston, defenseman, and Mike Wolfe, center.

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